Technology Solutions Provider

Specialist Computer Centres plc Annual Report and Financial Statements

For the Year ended 31 March 2015

Specialist Computer Centres plc

Contents

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 Mr P Whitfield
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Auditor	Deloitte LLP Chartered Accountants & Statutory Auditor Four Brindleyplace Birmingham B1 2HZ
Solicitors	Wragge Lawrence Graham & Co LLP 2 Snowhill Birmingham B4 6WR

Specialist Computer Centres plc

Strategic Report for the Year Ended 31 March 2015

The Directors present their Strategic Report for the year ended 31 March 2015 for Specialist Computer Centres plc (SCC). In this report we will present an overview of the company's operations and the performance of the business during the year.

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 39 years of profitable growth and a direct presence across five countries.
- SCC is also part of the privately owned, financially secure, Rigby Group, 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 and is now in its 40th year of business.

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.

New this year – SCC Capital

We have launched SCC Capital – our internal IT Finance Services business, designed to help unlock value for our customers supporting their long term IT strategies via a range of finance options suited to their needs and budgets. The three core services provided are finance lease, operating lease and software lease solutions.

SCC Capital is operated by Rigby Capital Ltd, a wholly owned business within the Rigby group based in Bracknell. Led by an experienced team of IT industry finance specialists, the business is targeting £75m of revenues within two years, principally through offering finance solutions to customers of SCC and our print management specialist M2.

Our Customers

- Our customer base is spread over both public and private sector mid-market companies.
- We have an impressive list of clients including British Airways, HMRC, The National Trust, CSC, Department of Work and Pensions, Atradius, GIST, many NHS Trusts, Nissan, Jaguar Land Rover, IBM among many others.
- During the last year we have been able to provide more services to existing and new customers including WH Smith, Kier Group, Grafton Group, Thames Water, MAN Group, AT&T, Department of Work and Pensions (Universal Credits) , United Utilities and WM Morrisons.

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 year, SCC secured a number of global awards from several vendor partners, including HP and Oracle.

After securing Oracle's UK and European Server and Storage Partner of the Year Awards, SCC was further recognised as Oracle's Global Specialized Partner of the Year in Server and Storage, announced at the annual Excellence Awards in San Francisco. A notable win in which SCC implemented, supports and hosts a complex 'Red Stack' solution of Oracle Servers, Storage, Database and Apps has been followed by a large managed services contract which sparked the creation of a Dedicated Oracle Practice bringing together dedicated sales specialists with pre-sales and datacentre capabilities to support future growth.

Last Year 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.

Our growing strength and technical expertise in Unified Communications was recognised by Polycom, who awarded SCC their Platinum status as a Polycom Solution Advisor.

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 Operations

Located in Birmingham, our Head Office is on the same site as the 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 700 staff from 600 at the prior year end, 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 and gained Defence Infosec Product Co-Operation Group (UK) (DIPCOG) approval in the last twelve months.

Our Ambition

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

The company and the SCC group has enacted a three year plan to deliver our ambition. We are targeting by 2017, to achieve £50m EBITDA across SCC EMEA.

Our financial performance for the year ended 31 March 2015 summarised on page 23 shows that we are on track to achieve our objectives.

Our UK Performance

Summary

Significant progress has been made in transitioning the business to a managed service and solutions led business with dramatic changes made in the balance of revenues and exceptional growth in Cloud Delivered Managed Services.

- Turnover of £635m;
- Reduction in low margin product revenues;
- 10% growth in Services Revenues – now 23% of total revenue;
- Data Centre Services revenues up 87% ;
- Services gross profit now represents 61% of overall gross profit – up from 53% in the prior year;
- EBITDA of £17.3m – up 12%.

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

Turnover

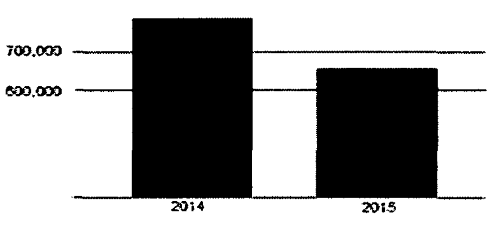
In the last financial year, turnover declined by 15%, as we focused on improving product margins and on developing our services business. We switched our focus away from business which had been driving high turnover but delivering low margins and focused on higher margin turnover and on growing turnover in our services operation - both organically and through acquisition.

Our Services operation delivered a 10% growth in turnover whilst product sales improved gross margins by 0.5%.

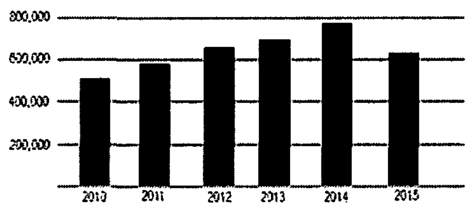
Despite the turnover decline our growth trend remains positive - over the last five years our turnover has been growing at a compound annual growth rate of 5% per year (CAGR) and with the emphasis on growing the right type of services and stronger margin business we remain on track to growing the right type of business.

Turnover: FY15

Decline of 15%



Turnover: 5% CAGR



Analysis of Turnover by Key Component	Share	2015 Revenue	Annual Change %
Supply	79%	£499m	-20%
Integrate	6%	£39m	2%
Manage	15%	£97m	13%
		£635m	

The switch of focus away from low margin business is shown in our Supply business, the turnover for which declined as high value product sales were partly replaced by more margin rich opportunities.

Our Integration business grew by 2% overall with growth in core professional services of 11% offset by a decline in the high value, low margin pass through business of £7m.

We delivered rapid growth in our Flexible Resourcing operation which, whilst only launched during the year, saw turnover grow from £1m to £6m. This operation now provides nearly 100 skilled staff to customers and we are on track to achieve further substantial growth in the coming year.

Our Professional Services business benefited from many new customers including IBM, NHS, UK Mail and Parliamentary Digital Services.

Our Managed Services turnover grew by £11m overall driven by our Data Centre Services which grew by 87% to £26m in year.

We secured new customer wins and renewals with WH Smith, Kier Group, Hampshire Council, Yodel, and Deloitte.

Services Turnover by Key Component	2015 Revenue	Annual Growth %
Managed Services	£71m	-
Professional Services	£39m	2%
Data Centre & Cloud Services	£26m	87%
Refurbishment & Disposal	£7m	-

Data Centre Services

Our Datacentre and Cloud Delivered Managed Services (CDMS) revenues continued to grow as we combine our data centre service capabilities with managed services, our professional services and round the clock support from our UK and Romanian bases. Now employing 120 people, an increase of 50 in the last year, we are well positioned to grow further and rapidly in the short term.

Over the last year, our turnover has grown by over 200% supported by a large number of new customer wins. These include Samworth Brothers, Grafton Group, IBM, Highways Agency and the Department of Work and Pensions.

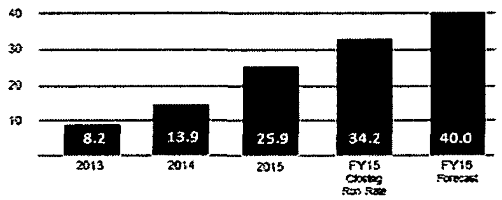
Attaining an annualised revenue run rate by the end of the financial year of £34m, we significantly over achieved our projection of £30m set twelve months ago. Of this £34m, over 85% is repeatable run rate revenues which will underpin continued profitability in the next financial period.

Our government accredited secure multi-tenanted could service - "Sentinel by SCC", achieved revenue targets returning over £3.5m for the year with repeating annual revenues of 87%. Revenue is up by 300% year over year with a current annualised run rate of over £5m.

In January we completed our £12m purchase of the 650 rack capacity data centre in Fareham, Hampshire. Covering 10,000 sq. ft., the new Tier 3+ datacentre has customers including Reuters and Kingfisher occupying 80% of the current space. Expansion plans are already in place to more than double capacity. This new site contributed £1.3m of turnover in the three months to March as existing tenants transferred their contracts with SCC. With another 20% capacity and opportunity to expand, the location brings significant further revenue and profit opportunity.

- Annualised revenues from Data Centre services closed on £34m up from £17m at the start of the year.
- Projected revenue of £40m in the 2016 financial year.

Data Centre Services: Turnover £m



Profitability

EBITDA generated by the Datacentre operation has grown to £7.6m for the year, up by over 200% and with a current run rate of over £12m the division should deliver a significant contribution to the company in the coming financial year. Monthly recurring revenues now contribute 140% of the overhead base and EBIT is expected to grow from 15% to over 20%.
Combined investment during the year in the existing locations and the new Fareham site totalled £20m, and with the total lifetime DC investment now exceeding £40m, returns on capital spend are running at over 30%.

Future Prospects

Growth in overall demand for Data Centre services has required further investment at our Birmingham Data Centre, where capacity has grown by 145% since the end of the prior year. This investment is now complete and 50% of the additional space has already been sold to new and existing customers.

Through this investment and the acquisition of our new facility at Fareham, Hampshire, overall capacity has grown by 145% - 56% by extended existing facilities, the remainder by acquisition resulting in a total saleable capacity of 1800 racks at the close of the year.

Availability rates have grown to 33% following recent investment. We need to keep investing to meet future demand and so we have instigated a further expansion plan to develop additional data centre space at our core Birmingham site and at our new site in Fareham. Commencing in 2015, the expansion will add significant additional capacity by the end of our next fiscal period when space for 3000 racks will be available.

Our Datacentre Managed Services will also benefit from the group's investment in Fluidata Ltd. Via its fibre network capability Fluidata brings connectivity between our existing datacentres and 11 other data centres including those of well-known public cloud services. Customers of our Data Centre Services will gain access to significant data networking capabilities following this new group investment.

Data Centre Summary

- 1800 built rack capacity (14 MVa Power); Growth of 145% with 67% occupancy;
- Expansion programme to reach 3000 rack capacity underway;
- 2 Tier 3+ datacentres in our owned network;
- Access to 18 datacentres in our wider network;
- Turnover growth of 87% to £26m – closing on £34m run rate;
- Closing Annualised Recurring Revenues of £30m;
- Gross Profit growth of 236%;
- EBITDA growth of 240% to 29%;
- Investment to date of £41m with 19% EBITDA return on capital.

Gross Profit Performance

Overall we have grown our Gross Profit by 2.4% to £91m over the last year with the rate of margin increasing by 2.5 percentage points to 14.3%.

The decline in turnover has not reduced our gross profit as we have improved the rate of margin from our product business and the value of profit from our services business.

Our Services business now contributes 61% of total gross profit, an increase from 53% in the prior year and covers 62% of total company overheads.

Product business margins have grown to 9% from 8% as the mix of customers has improved.

Managed Print Services

We previously reported our investment in print services specialist M2 Digital Ltd, towards the end of our previous financial year as a key step in expanding our print service capabilities. During the year we integrated M2 Digital's operations with those of SCC with M2 now acting as specialised provider supporting both operations.

The acquisition and integration of the print business has been a significant success with further investment already underway to extend our print solutions to a wider range of public sector customers. M2 now employs over 200 people in the UK and has over 20,000 devices under management.

Turnover for the combined M2 Digital and SCC print services operation reached £38m for the year in line with our projections at the time of acquisition and 4% ahead of the prior year position. Combined EBITDA of £3.1m also met our pre acquisition projection and we are confident that the business will continue to grow successfully over the coming year.

In our final fiscal quarter we commenced an investment in a dedicated public sector focused team to bring our services to a wider customer base. This significant investment is on track and expected to deliver a positive contribution in the coming financial year.

Key customer implementations during the year included Babcock, Northumbrian Water and Galliford Try and with additional wins including Legal & General, House of Commons, Balfour Beatty and Skanska on top of a strong pipeline, the prospects remain strong for the coming financial year.

Our recent launch of SCC Capital, specialised financial services from Rigby Capital Ltd will support M2 to deliver improved financing options to existing and new customers. Future plans for the coming fiscal period target revenue for the combined SCC group print business in excess of £45m generating over £4m EBITDA

Print Services Summary

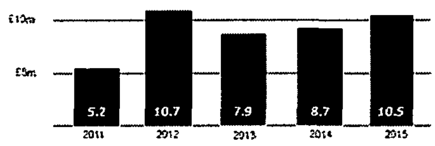
- Combined Turnover of £38m;
- £3.1m EBITDA.

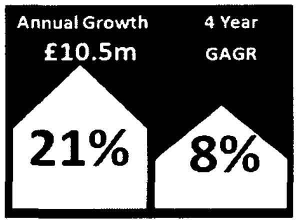
m2 Control. Print. Save.

Operating Profit

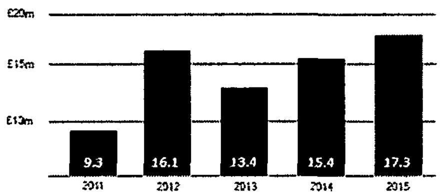
We measure our operating profit performance and trends in Earnings before interest and tax (EBIT), before interest tax and amortisation (EBITA); and before interest, tax, depreciation and amortisation (EBITDA).

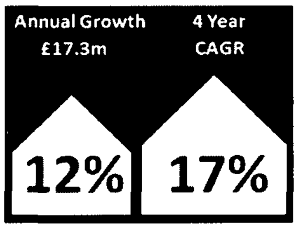
EBITA 8% CAGR



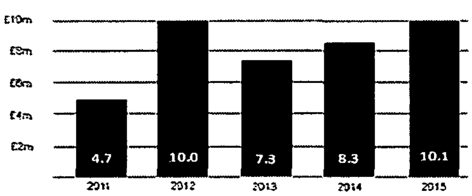


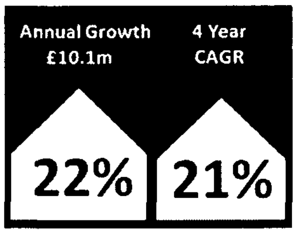
EBITDA 17% CAGR





EBIT 21% CAGR





Our profitability is improving in these key measures even as the company moves through a period of transition.

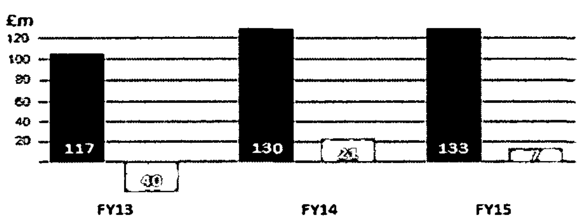
Growth in both EBITA and in EBIT of 20% year on year, are underpinned by growth in EBITDA, our key cash generation measure of 12%.

Cash and Cash Flow

At the end of March 2015 we reported Net Cash of £133m, a small growth over the prior year, despite increased capital investment and dividends paid in the year.

During the year we generated Cash from operations of £34m - £7m ahead of the prior year and (post investment) Free Cash Flow of £7m.

Net Cash & Free Cash Flow £m

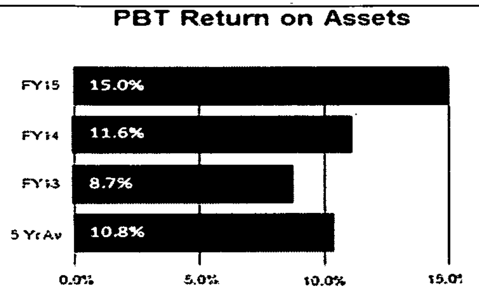


We have generated cash from the underlying business which we are using to invest further in strategic assets and to provide improved returns to the group. With EBITDA of £17.3m and improvements in working capital of £16.7m, we generated £34m of cash in the year.

Over the last 2 years we have achieved working capital improvements of £28m, in addition to EBITDA of £33m, to fund £33m of capital spend over the period, resulting in a healthy cash conversion ratio of 86% post investment and 186% pre investment. Our future projections show that EBITDA will continue to exceed our capital programme.

Return on Assets

Our annual pre-tax return on shareholders' funds at 15% was a 30% improvement on the prior year



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.

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 £20m bringing the total investment in the facility up to £41m.

With expansion planned at our Birmingham and Fareham sites we expect total investment to date to exceed £50m over the coming year as we expand capacity on both sites to reach a maximum of 3000 rack capacity.

Data Telecoms Investment - Fluidata

In April 2015, the group entered the Data Telecoms market via an investment in Fluidata, positioning SCC at the forefront of Data Centre Services provision. Fluidata is a multi-award winning business which delivers innovative high speed data connectivity solutions, specialising in Layer-2 and Layer-3 delivery using technologies including DSL, EFM, Fibre, VPLS/MPLS, wireless and unique failover/aggregation technology.

Employing 60 staff and with offices in London and Hemel Hempstead, Fluidata brings 11 Datacentres into the SCC network, offers connectivity to 17 telecom providers' networks and 24/7 support.

SCC's CDMS have been further enhanced by access to the Data Telecoms market which this investment brings, enabling SCC to connect its own datacentres together with those of Fluidata, and partner DC services companies. Fluidata services are already being provided to some of SCC's customers.

Fluidata

Systems Investment

As part of our strategic plan, we will enhance the services provided to customers and efficiently scale the delivery of those services, through the replacement of our core operating systems. The investment programme commenced to deliver the necessary enhancements for the company and our sister company in France. This programme has been underway throughout the year, commencing with the migration of our service management solutions to the market leading ServiceNow application which will provide enhanced customer service and experience at a cost of £2m.

We have also extended the programme to replace our ageing telephony systems with a new Avaya solution being implemented at a cost of £3m. We anticipate customers feeling the benefits from mid-way through our next fiscal year.

servicenow

Investment in People

At SCC we understand the importance of our people to the future success of the company and to ensuring that customers receive the correct level of pre and post sales technical support. Investment in people remains a key feature in the transition of the company's cost base and is essential to delivering to customers the quality services they require. As our business changes we continue to evaluate the mix of our people's skills required to deliver the services our customers need now and in the future.

In the last year we have managed our headcount closely with the average little changed at 1800, whilst the average cost per head has risen by 5% reflecting the change in resources mix and consequent increase in skill base.

Costs	Annual Growth	5 Year Growth Rate CAGR
Average Headcount	- 0.4%	- 1.1%
Costs	+ 4.5%	+ 4.5%
Cost per Head	+ 4.9%	+ 5.7%

Contribution per Head	Annual Growth	5 Year Growth Rate CAGR
EBITDA	+ 14%	+ 15%
PBT	+ 24%	+ 9%

Future Investments

The company recognises the importance of focused investment to the sustainable future of the company and is committed to investing in the future of SCC. We continue to generate cash from our operations to support further investment and as part of the financially secure SCC EMEA and Rigby groups, the company is assured of further group funds being available to make strategically important investments. We remain committed to the long term development of the business through organic investment and acquisition consistent with our long term integrated managed services strategy.

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 remained strong, finishing the year at £133m compared to £130m in the prior year end representing growth of 38% over the last 3 years
- Banking Facilities already in place with HSBC were extended for a further three years until 2018.

Research and Development expenditure

Over the last 2 years we have invested over £5m in research and development activity bringing the total for the 5 years to 31 March 2015 to over £13.5m, as we continue to find innovative solutions to meet customer's technical challenges and invest in asset solutions.

FY16 Outlook

Total company turnover is expected to reach £700m of stable product revenues and growth in services, with the company's CDMS set to close next year end with revenues of £55m of which over 80% will be recurring.

EBITDA is estimated to grow by 30% to £25m.

We anticipate improving product revenues delivering more meaningful margins, with continued growth in services revenues led by our Cloud Delivered Managed Services. Growth in our Data Centre business has already initiated early investment in additional facilities at our Birmingham and Fareham sites to meet demand.

Both EBITDA and profit before tax are expected to grow in the coming year.

SCC EMEA Ltd: Operations and Performance

Specialist Computer Centres plc is a key part of the SCC EMEA group, which operates successfully from SCC branded operations in France, Spain and Romania and under the M2 branded company M2 Digital Ltd in the UK. In each of these territories, we operate in legal entities separate to our UK operating company.

In France, SCC traded during the year as SCC S.A., SCC Services S.A., SCH Leasing Services S.A., and Large Network Administration Ltd. In Spain we operate as Specialist Computer Centres S.L and in Romania as S.C. SCC Services Romania SRL.

SCC EMEA group employees now total over 5000 – a 5% increase in the year driven by growth in France and Romania.

SCC EMEA Limited Consolidated Financial Highlights

SCC EMEA FY15 Financial Highlights	
€2bn Turnover	**€41m** EBITDA
5,000 Staff	**€180m** Net Assets

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 shown above. The full results of the SCC group of companies are reported in the consolidated accounts of SCC EMEA Ltd.

Turnover

Turnover was unchanged at €2billion though the sterling equivalent declined by 11% from £1.7bn to £1.5bn due to currency movements. Underlying turnover excluding discontinued operations in the prior year and adjusting to a constant currency basis, declined marginally by 3%.

Our operations in France and the UK generated over 95% of total turnover – with France the marginally larger operation at 52%, consistent with the share in the prior year.

EBITDA

Consolidated EBITDA for the year grew 13% to £32m from £28m following growth in all major territories. After excluding the effects of currency variance, this represents a 16% growth over the prior year.

Of total EBITDA, 95% was generated in France and the UK, with the UK delivering 60% at £19.5m.

Adverse currency movements impacted our results in the year with EBITDA adversely impacted by £1.1m as over 50% of EBITDA originated in Euros declined in sterling value during the year.

Revenues in SCC France reached €1,035m, growth of 3% from €1,002m in the prior year, with €16.1m of EBITDA exceeding the prior year by 13%. The business secured numerous key government and private sector contracts and enters FY16 with a clear strategy to drive the services business revenues.

SCC's Spain operations resisted the tough economic conditions, improving on the prior year's flat revenue performance by growing 30% to €61m. The business delivered an improved EBITDA of €0.6m, an improvement of 90%.

SCC Romania saw revenues increase by 40% and the business delivered EBITDA of €1.5m, an increase of 90%. Headcount has grown to meet business needs to above 700 and is planned to increase further at the existing facilities in Iasi and Bacau.

Cash Generation

Following improvements in working capital management in our French business we improved cashflow and were able to make a dividend of €20m euros in the year. We also disposed of property held in Netherlands releasing an additional €8m cash from the territory. Cash generated has all been retained within the SCC EMEA group.

Group Structure

Company structure simplification programmes, commenced during the prior year to reduce the number of entities within the Group, continued and near completion. These programmes in the UK, France, and Netherlands, have not impacted trading operations but provide greater efficiency within the Group's financial structure as legacy legal entities are tidied up.

We merged together our principal trading operations in France during the year, to provide greater operational and administrative efficiencies without impacting our customers.

In June 2014, we completed the disposal of our 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.

Outlook for 2016

The group has strong operations in France and the UK which continue to generate cash and profit. With clear focus in each territory focusing on achievable growth in their services businesses, the outlook for the future and the coming fiscal period is good.

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

James Rigby
Chief Executive

22nd July 2015

Directors' Report for the Year Ended 31 March 2015

The Directors present their annual report, audited financial statements of the company and auditor's report for the year to 31 March 2015.

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 £635m representing a decline of 15% over the prior year. Profit before tax of £12.5m was generated in the year compared to £10.5m in the prior year.

A Dividend totalling £10m was declared and paid in the year compared to £17.5m in the prior year.

During the year SCC generated £10m cash to support the payment of this dividend following which the net assets at the 31 March 2015 were £83m comfortably within the target range.

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 31 March 2015, the company had a Net Cash position of £133m, an increase of £2m over the prior period. Cash pooling arrangements are in place for the company's sterling facilities and efficient treasury operations across the group minimise net interest costs. Long standing banking relations are in place, notably with HSBC Bank plc. Counterparty risk is considered when selecting all funding partners and the company's counterparty risk profile closely monitored.

As a wholly owned subsidiary of both the SCC EMEA Ltd and the Rigby Group (RG) plc groups of companies, the company has access to considerable funds for strategic use though these are not in use at the 31 March 2015, nor have they been required during the year.

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.

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 Carbon Zero 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.

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 to gain invaluable experience as they work towards City & Guilds qualifications.

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

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 practice 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. Our chosen charity partners are the Alzheimer's Society and Marie Curie Cancer Care through which we are able to support diverse organisations supporting a range of people and their families.

SCC is also working with local charity St Basils by providing improved IT capabilities. The charity provides advice, accommodation and support services to young people aged 16 to 25.

The Company is also an active supporter of The Rigby Foundation, a registered charity, which operates independently of the business and makes donations to various charitable organisations that have 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.

There were no political contributions made by the Company during the year (2014 - £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.

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 2014:

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, Mr P Whitfield.

Mr I P Scott resigned on 12 May 2014 and Mr P Whitfield was appointed on 3 November 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 Responsibilities Statement

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 Section 418 of the Companies Act 2006.

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

James Rigby
Chief Executive
22nd July 2015

Independent Auditor's 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 2015 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 auditor

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 2015 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.

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.

Andy Halls FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP

Chartered Accountants & Statutory Auditor
Four Brindleyplace, Birmingham
B1 2HZ

22nd July 2015

Specialist Computer Centres plc

Profit and Loss Account
for the Year Ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Turnover	**2**	634,862	751,103
Cost of Sales		(544,002)	(662,360)
Gross profit		90,860	88,743
Operating expenses		(80,873)	(80,546)
Other operating income		103	103
Operating profit		10,090	8,300
Interest receivable and similar income	3	2,693	3,009
Interest payable and similar charges	4	(275)	(809)
Profit on ordinary activities before taxation	5	12,508	10,500
Tax on profit on ordinary activities	8	(2,629)	(570)
Profit for the year	**19**	9,879	9,930

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 and consequently no statement of recognised gains and losses has been prepared.

The notes on pages 25 to 41 form part of these financial statements.

Specialist Computer Centres plc

Balance Sheet
As at 31 March 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Intangible assets	10	2,154	2,544
Tangible assets	12	58,974	29,566
Investments	13	12,949	12,531
		74,077	**44,641**
Current assets			
Stocks	14	3,854	5,125
Debtors due within one year	15	149,592	188,309
Cash at bank and in hand		132,556	130,865
		286,002	**324,299**
Creditors: amounts falling due within one year	16	(273,369)	(281,548)
Net current assets		12,633	42,751
Total assets less current liabilities		86,710	87,392
Creditors: amounts falling due after more than one year	17	(3,146)	(3,236)
Provisions for liabilities	18	(379)	(902)
		83,185	**83,254**
Capital and reserves			
Called up share capital	20	1,026	1,000
Profit and loss account	19	82,133	82,254
Share based payment reserve	19	26	-
Shareholders' funds	22	**83,185**	**83,254**

Approved by the Board and authorised for issue on 22 July 2015

James Rigby
Chief Executive

Company Registration No. 01428210

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 SCC EMEA Limited, 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 16. The director's report on pages 17 to 20 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 Ltd ("EMEA") and the Rigby Group (RG) plc ("RG") groups, 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 both the EMEA and 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.

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:

Freehold Buildings	50 years
Leasehold Land & Buildings	Up to 40 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 impairment.

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 created to reflect age and the current levels of item usage within the business.

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.

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 to the location as stipulated by the customer 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 or on a percentage completion basis as appropriate.

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.

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.

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**	
	2015	**2014**
	£'000	**£'000**
United Kingdom	619,861	741,716
Continental Europe	14,858	9,136
Rest of the World	143	251
	634,862	751,103

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

3 Interest receivable and similar income

	2015	**2014**
	£'000	**£'000**
Interest received on loans to group undertakings	2,656	3,006
Other interest	-	3
Dividends received	37	-
	2,693	3,009

4 Interest payable

	2015	**2014**
	£'000	**£'000**
On bank loans and overdrafts	180	696
Hire purchase interest	35	98
Payable to Group undertakings	51	-
Other interest	9	15
	275	809

5 Profit on ordinary activities before taxation

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of intangible assets	390	390
Depreciation of tangible assets	6,834	6,730
Operating lease rentals	4,522	5,309
Fees payable to the company's auditor :		
Audit Fees	105	62
Non audit fees	57	-
Government grant income	(103)	(103)
Profit on disposal of tangible assets	(47)	(6)
(Profit)/ Loss on foreign exchange transactions	(85)	21

6 Number of Employees

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

	2015 Number	2014 Number
Sales	355	338
Engineering	1,056	1,052
Administrative	221	254
Warehouse	139	157
	1,771	1,801

Employment costs	£'000	£'000
Wages and salaries	71,568	69,180
Social security costs	8,693	7,891
Pension costs	1,805	1,487
	82,066	78,558

Pension costs relate to contributions made into defined contribution schemes.

7 Directors' remuneration

	2015	2014
	£'000	£'000
Remuneration for qualifying services	1,919	1,978
Company Pension Contributions	93	96
	2,012	2,074

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 (2014 - Nil). During the year, no share options were granted to the directors (2014 - Nil).

The emoluments of Sir Peter Rigby, Ms P A Rigby, Mr J Rigby and Mr 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. The emoluments of Mr. P Whitfield are borne by and disclosed in the financial statement of SCC EMEA Limited and those of Mr. P Everatt whilst borne by SCC EMEA Limited are included in the above disclosure as he is not a statutory director of SCC EMEA Limited.

Pensions

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2014 - 6).

Highest-paid director

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

	2015	2014
	£'000	£'000
Remuneration for qualifying services	443	529
Company pension contributions to defined contribution schemes	40	39
	483	618

The highest paid director exercised no share options during the year (2014 - Nil) and was granted no share options during the year (2014 - Nil).

8 Tax on profit on ordinary activities

	2015	2014
Domestic current year tax	**£'000**	**£'000**
UK Corporation tax	2,227	764
Adjustment for prior years	(259)	(381)
Total current tax	1,968	383
Deferred tax		
Origination and reversal of timing differences	553	64
Deferred tax adjustments arising in previous periods	108	123
	661	187
	2,629	570

Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	**12,508**	10,500
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21% (2014 - 23%)	**2,627**	2,415
Effects of:		
Income not taxable	162	-
Expenses not deductible for tax purposes		240
Depreciation in excess of capital allowances	(431)	171
Other timing differences	(52)	(124)
Brought forward losses utilised	(79)	(207)
Receipt of group relief not paid for	-	(1,731)
Adjustment to tax charge in respect of previous periods	(259)	(381)
	(659)	(2,032)
Current tax charge for the year	1,968	383

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 21%.

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

The legislation to reduce the tax rate to 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 (2014 – 20%).

9 Dividends

	2015 £'000	2014 £'000
Final dividend paid of £10.00 (2014 - £17.50) per ordinary share	10,000	17,500

10 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 April 2014	6,879
Adjustment for amounts full amortised	(2,977)
At 31 March 2015	3,902
Amortisation	
At 1 April 2014	4,335
Adjustment for amounts fully amortised	(2,977)
Charge for the year	390
At 31 March 2015	1,748
Net book value	
At 31 March 2015	2,154
At 31 March 2014	2,544

11 Acquisitions

On 5th January 2015, SCC acquired a Data Centre at Fareham, Hampshire from SSE plc together with associated service contracts. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair values to the company:

	Book Value and fair value £'000
Tangible Fixed Assets	12,501
Prepayments and other debtors	87
Trade Creditors	(3)
Accruals and deferred revenue	(1,491)
Net Assets	11,094
Satisfied by :	
Cash Consideration	11,094

12 Tangible fixed assets

	Freehold Land & Buildings	Leasehold Buildings	Fixtures & equipment	Assets in the course of construction	Motor Vehicles	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	-	21,200	27,940	1,195	2,630	52,965
Additions	10,878	2,195	21,720	1,192	536	36,521
Reclassification	-	(9,715)	9,715	-	-	-
Disposals	-	(466)	(73)	-	(269)	(808)
At 31 March 2015	10,878	13,214	59,302	2,387	2,897	88,678
Depreciation						
At 1 April 2014	-	7,064	14,715	-	1,620	23,399
On disposals	-	(212)	(48)	-	(269)	(529)
Reclassification	-	(3,405)	3,405	-	-	-
Charge for the year	21	1,557	4,842	-	414	6,834
At 31 March 2015	21	5,004	22,914	-	1,765	29,704
Net book value						
At 31 March 2015	**10,857**	**8,210**	**36,388**	**2,387**	**1,132**	**58,974**
At 31 March 2014	-	14,136	13,225	1,195	1,010	29,566

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

	Leasehold Buildings	Motor Vehicles	Total
Net book values	£'000	£'000	£'000
At 31 March 2015	-	943	943
At 31 March 2014	-	746	746
Depreciation charge for the year			
At 31 March 2015	-	230	230
At 31 March 2014	256	265	521

13 Fixed asset investments

	Shares in subsidiary undertakings
Cost	**£'000**
At 1 April 2014	14,377
Additions	552
Disposals	(1,980)
At 31 March 2015	12,949
Provisions for impairment	
At 1 April 2014	1,846
Disposals	(1,846)
At 31 March 2015	-
Net book value	
At 31 March 2015	12,949
At 31 March 2014	12,531

As part of the ongoing reorganisation activity in the SCC EMEA group the company disposed of a number of non-trading entities during the year which had been largely fully provided. In addition, SCC plc increased its investment in M2 Digital Limited by £552,000 in respect of the employee share based payment scheme in the subsidiary company.

Subsidiary undertakings

The company has investments in the following subsidiary undertakings.

Company Subsidiary Undertaking	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
SCC UK Ltd	England and Wales	Dormant	100

The company also holds investments in the following dormant entities: M2 Smile Employee Benefit Trust Limited; TW2.Com Limited; TW2 Communications Limited; Kavanagh Systems Limited; Kavanagh Enterprise Limited; Underground Computing Limited; Technical Support Group Limited; The Byte Shop Limited; Third Wave Europe Limited; Rapid Recall Limited; Specialist Technology Trading Limited; and Lantec Information Services Limited. It is intended that these dormant entities will be struck off in due course.

14 Stocks

	2015	2014
	£'000	£'000
Maintenance stock and spares	755	953
Finished goods and goods for resale	3,099	4,172
	3,854	5,125

15 Debtors

	2015	2014
	£'000	£'000
Trade debtors	125,342	167,607
Amounts owed by group undertakings	7,250	6,404
Corporation tax	-	2,982
Other debtors	3,658	3,437
Prepayments and accrued income	12,503	6,378
Deferred tax asset	839	1,501
	149,592	188,309

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:

	2015	2014
	£'000	£'000
Trade debtors	1,237	1,194

Deferred Tax	**£'000**
Balance at 1 April 2014	1,501
Profit and loss account	(662)
Balance at 31 March 2015	839

The deferred tax asset is made up as follows:	**Not provided**		**Provided**	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Decelerated capital allowances	-	-	807	1,433
Other timing differences	-	166	32	-
Tax losses available	109	117	-	68
	109	283	839	1,501

A deferred tax asset amounting to £109,000 (2014 - £117,000) 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.

In addition in 2014 a deferred tax asset of £166,000 was not recognised as there was insufficient evidence that the asset would be recovered.

16 Creditors: amounts falling due within one year

	2015	2014
	£'000	£'000
Net obligations under hire purchase contracts	363	347
Trade creditors	160,422	179,743
Amounts owed to group undertakings	60,340	41,932
Corporation tax	691	384
Other taxes and social security costs	8,653	12,059
Other creditors	3,180	2,010
Accruals and deferred income	39,617	44,973
Government Grants	103	100
	273,369	**281,548**

17 Creditors: amounts falling due after more than one year

	2015	2014
	£'000	£'000
Net obligations under hire purchase contracts	297	273
Accruals and deferred income	1,979	1,991
Government grants	870	972
	3,146	**3,236**

Net obligations under hire purchase contracts

Repayable within one year	363	347
Repayable between one and five years	297	93
Repayable after five years	-	180
	660	**620**
Included in liabilities falling due within one year	(363)	(347)
	297	**273**

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

18 Provisions for liabilities

	£'000
Balance at 1 April 2014	902
Utilised in the year	(549)
Charged to the Profit and Loss Account	26
Balance at 31 March 2015	379

Provisions for liabilities and charges comprise onerous lease provisions which will be utilised over periods of between 2 years and 5 years.

19 Statement of movements on reserves

	Share based payment reserve £'000	Profit and Loss Reserve £'000
Balance at 1 April 2014	-	82,254
Profit for the year		9,879
Created during the year (see note 22)	26	-
Dividends paid (see note 9)		(10,000)
Balance at 31 March 2015	26	82,133

20 Share Capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
1,000,000 Ordinary shares of £1 each	1,000	1,000
21,540 C Ordinary shares of £1 each	21	-
3,591 D Ordinary shares of £1 each	4	-
1,540 E Ordinary shares of £1 each	1	-
	1,026	1,000

21 Employee Share Scheme

During the year the company issued 'C', 'D' and 'E' ordinary shares under three employee share schemes which may be exercised during a 12 month period from 1 July 2017. Participants of the scheme can put their shares on SCC UK Holdings Limited at the prevailing market value of the shares. The pay-out for each class of share is contingent on future profit growth and is subject to an overall cap.

Under the schemes a total of 26,671 shares have been issued, the fair value of which at the issue date has been determined to be £2 per share. The valuation has been determined using an EBITDA multiple of the SCC group's current and future planned earnings which has been discounted to reflect future uncertainty.

22 Reconciliation of movements in shareholders' funds

	2015 £'000	2014 £'000
Profit for the financial year	9,879	9,930
Issued share capital (see note 20)	26	-
Creation of share based payment reserve (see note 19)	26	-
Dividends paid (see note 9)	(10,000)	(17,500)
Net reduction in shareholders' funds	(69)	(7,570)
Opening shareholders' funds	83,254	90,824
Closing shareholders' funds	**83,185**	**83,254**

23 Financial commitments

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

	Land & Buildings		Other	
	2015	**2014**	**2015**	**2014**
Operating leases which expire:	**£'000**	**£'000**	**£'000**	**£'000**
Within one year	9	563	122	215
Between two and five years	944	1,468	1,193	731
In over five years	1,503	982	-	-
	2,456	**3,013**	**1,315**	**946**

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 and bank loans of certain undertakings in the UK group of companies owned directly or indirectly by SCC EMEA Ltd. At 31 March 2015, the indebtedness of the UK group undertakings amounted to £105,914,000 (2014 - £112,524,000).

25 Related party relationships and transactions

As a subsidiary undertaking of SCC UK Holdings Ltd (formerly Specialist Computer Holdings (UK) Ltd), 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.

26 Control

Ultimate parent undertaking

The company is a subsidiary undertaking of SCC UK Holdings Limited (formerly Specialist Computer Holdings (UK) Limited), a company registered in England and Wales.

The results of SCC UK Holdings Limited (formerly Specialist Computer Holdings (UK) 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 and of SCC EMEA Ltd registered in England and Wales, whose principle place of business is at James House, Warwick Road, Birmingham, B11 2LE. The largest group of which the company is a member, and for which consolidated financial statements are drawn up, is that headed by Rigby Group (RG) plc. Consolidated financial statements are available at Bridgeway House, Stratford Upon Avon, Warwickshire, CV37 6YX.

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.