

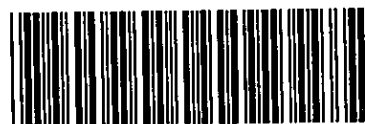
Syscap Group Limited

**Annual report and consolidated
financial statements**

Registered number 03132650

For the year ended 31 March 2013

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Annual report and consolidated financial statements

Contents

Directors and officers	1
Directors' report	2-3
Statement of directors' responsibilities	4
Independent auditors' report to the members of Syscap Group Limited	5-6
Consolidated profit and loss account	7
Consolidated balance sheet	8
Company balance sheet	9
Consolidated cash flow statement	10
Notes	11-30

Directors and officers

Directors

PD White
SM Dunne
MJ Henry

Registered office

Wimbledon Bridge House
1 Hartfield Road
London
SW19 3RU

Bankers

The Royal Bank of Scotland
London Corporate Banking
62/63 Threadneedle Street
London
EC2R 8LA

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Directors' report

The directors present their annual report and audited consolidated financial statements for the year ended 31 March 2013. The company's registered number is 03132650.

Principal activities

The company's principal activity is the holding company for the Syscap group of companies (the "Group" or "Syscap"). The principal activities of Syscap are provision of specific purpose business loans and whole lifecycle IT leasing and value added services. Syscap's channels to these markets are direct sales to the end users as well as working as finance partner to ICT manufacturers and resellers and through affinity groups.

Business review

The Group delivered a profit on ordinary activities before taxation for the year of £2,063,000 (2012 £1,715,000). The Group continued its recent growth trend as more brokerage income was generated from a 12% increase in sales heads but with a reduced back office cost base.

Total income (excluding pass through costs) from trading activities was flat in the year due to reduced end of term income but brokerage income from new business increased by 7%. The 12% increase in sales heads inevitably impacts the overall income per head as they work towards full productivity over the year.

New business volume, representing the value of loans, hardware, software and services financed, for the year increased by 2.7% to £124,916,000 (2012 £121,678,000). For both loans and IT leases we are now exploring adjacent niche market opportunities to build greater diversity in both markets and products to mitigate external risks in difficult economic circumstances. Continued diversity of external funders is also an important factor in our risk management.

Syscap employed, on average, 79 people across the UK during 2013 (2012 75).

Key KPIs

Volume per head £1.6m (2012 £1.6m)

Total income per head £108,000 (2012 £114,000)

Total income* per head £81,362 (2012 £80,896)

*excluding end of term income

Financial review

The company's parent undertaking, into which these financial results are consolidated, is Syscap Holdings Ltd ("SHL") and together with its subsidiary undertakings, form the Syscap Holdings Group ("SHG"). Following the year end on 16 April 2013, SHG renewed its financing facilities with The Royal Bank of Scotland ("RBS"). The facilities comprise £4,464,439 senior debt and a £10,750,000 revolving credit facility ("RCF"). The senior debt is repayable over two years. The headroom available in the RCF is sufficient to support the funding requirement of Syscap's growth over the foreseeable future and the back end weighted debt repayment schedule allows for significant short term investment to support operating activities.

The facility with RBS requires the Group to comply with standard financial covenants including debt to EBITDA and cash flow cover which the Group would comfortably surpass if it achieves the Board approved budget for next year. The bank's debts are secured by a fixed and floating charge over certain of the Group's assets. As at 31 March 2013, the senior debt stood at £4,464,439, this represents 2.6 times EBITDA.

Results and dividends

The audited financial statements for the year ended 31 March 2013 are set out on pages 7 to 30. The group profit for the year after taxation was £1,361,000, a 50% increase on last year's profit of £907,000. Included in this result is a one-off exceptional income adjustment of £115,000 (2012 £nil) and non-recurring reorganisation costs of £100,000 (2012 £76,000).

The directors did not recommend the payment of a final dividend for the year (2012 £nil).

Directors' report (continued)

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows

PD White
MJ Henry
SM Dunne
PE Ross (resigned 30 June 2012)

Supplier payment policy

The company's and group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Supplier days represented by trade creditors of the company were nil (2012 nil) as at 31 March 2013. Supplier days represented by trade creditors of the group were 7 (2012 2) as at 31 March 2013.

Donations

The group made charitable donations during the year totalling £4,000 (2012 £3,000). The donations were provided to the Syscap Foundation, Help a Capital Child and the Zimbabwe Rural Schools Development Programme for the purpose of charitable support.

The group made no political donations during the year (2012 £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

On behalf of the board



SM Dunne
Director

30 July 2013

Wimbledon Bridge House
1 Hartfield Road
London
SW19 3RU

Statement of directors' responsibilities

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK 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 group and the company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Syscap Group Limited

We have audited the group and parent company financial statements (the "financial statements") of Syscap Group Limited for the year ended 31 March 2013 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 4 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 group's and parent 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 Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2013 and of the group's profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

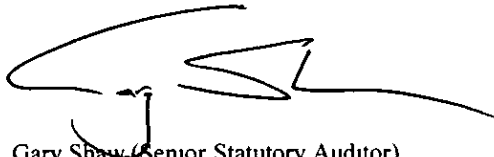
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Syscap Group Limited
(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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Gary Shaw (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

30 July 2013

Consolidated profit and loss account
for the year ended 31 March 2013

	<i>Note</i>	2013 £000	Restated 2012 £000
Turnover		8,974	8,880
Cost of sales		(45)	(68)
Gross profit		8,929	8,812
Administrative expenses (net of exceptional items)		(7,270)	(7,516)
Exceptional items – liability waived		115	-
Total administrative expenses		(7,155)	(7,516)
Other operating income		679	958
Operating profit		2,453	2,254
Interest payable and similar charges	3	(390)	(539)
Profit on ordinary activities before taxation	4	2,063	1,715
Tax on profit on ordinary activities	6	(702)	(808)
Profit for the financial year		1,361	907

All operations in the year are, and in the comparative year were, continuing

The prior year turnover, cost of sales and administrative expenses balances have been restated in the year to remove intra-group transactions previously reported as third party transactions. The prior year restatement has had no impact on previously reported profit.

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The profit for each financial year represents the total recognised gains of that year and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 11 to 30 form part of these financial statements.

Consolidated balance sheet
as at 31 March 2013

	Note	2013 £000	2012 £000
Fixed assets			
Intangible assets	8	71	115
Tangible assets	9	528	572
		<u>599</u>	<u>687</u>
Current assets			
Debtors amounts falling due within one year	11	28,897	29,284
Debtors amounts falling due after one year	11	4,777	5,304
Total debtors		33,674	34,588
Cash at bank and in hand		6,082	4,513
		<u>39,756</u>	<u>39,101</u>
Creditors: amounts falling due within one year	14	(27,490)	(28,273)
Net current assets		<u>12,266</u>	<u>10,828</u>
Total assets less current liabilities		<u>12,865</u>	<u>11,515</u>
Creditors: amounts falling due after more than one year	15	(164)	(175)
Net assets		<u>12,701</u>	<u>11,340</u>
Capital and reserves			
Called up share capital	16	113	113
Share premium account	17	1,635	1,635
Capital redemption reserve	17	11	11
Capital reserve	17	-	863
Merger reserve	17	535	535
Other reserve	17	9	9
Profit and loss account	17	10,398	8,174
Total shareholders' funds	18	<u>12,701</u>	<u>11,340</u>

The notes on pages 11 to 30 form part of these financial statements

These financial statements were approved by the board of directors on *30 July* 2013 and were signed on its behalf by



SM Dunne
Director

Company balance sheet
as at 31 March 2013

	Note	2013 £000	2012 £000
Fixed assets			
Investments	10	52	52
		<u>52</u>	<u>52</u>
Current assets			
Debtors amounts falling due within one year	11	4,405	4,414
Debtors amounts falling due after one year	11	-	-
Total debtors		4,405	4,414
Cash at bank and in hand		-	-
		<u>4,405</u>	<u>4,414</u>
Creditors amounts falling due within one year	14	(3,392)	(3,392)
Net current assets		<u>1,013</u>	<u>1,022</u>
Total assets less current liabilities		<u>1,065</u>	<u>1,074</u>
Net assets		<u>1,065</u>	<u>1,074</u>
Capital and reserves			
Called up share capital	16	113	113
Share premium account	17	1,635	1,635
Capital redemption reserve	17	11	11
Merger reserve	17	87	87
Profit and loss account	17	(781)	(772)
Total shareholders' funds	18	<u>1,065</u>	<u>1,074</u>

The notes on pages 11 to 30 form part of these financial statements

These financial statements were approved by the board of directors on 30 July 2013 and were signed on its behalf by



SM Dunne
Director

Consolidated cash flow statement
for the year ended 31 March 2013

	<i>Note</i>	2013 £000	2012 £000
Net cash flow from operating activities	<i>19</i>	4,182	1,406
Returns on investments and servicing of finance	<i>20</i>	(390)	(539)
Taxation	<i>20</i>	-	-
Capital expenditure	<i>20</i>	(180)	(147)
		<hr/>	<hr/>
Cash inflow before management of liquid resources and financing		3,612	720
Financing	<i>20</i>	(2,043)	2,264
		<hr/>	<hr/>
Increase in cash in the year		1,569	2,984
		<hr/>	<hr/>

The notes on pages 11 to 30 form part of these financial statements

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards, provisions of the Companies Act 2006 and in compliance with the Statement of recommended accounting practice issued by the Finance and Leasing Association

Going concern

The financial statements have been prepared on a going concern basis, which is based on continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. During 2013 the Group made a profit on ordinary activities before taxation of £2,063,000. As at 31 March 2013 the Group has net assets of £12,701,000.

The Group relies on the continued support of its bankers, The Royal Bank of Scotland ("RBS"). Following the year end on 16 April 2013, the Group renewed its financing facilities with RBS. The facilities comprise £4,464,439 senior debt and a £10,750,000 revolving credit facility. The senior debt is repayable over two years.

As part of the renewal of the financing facilities, the Group and RBS agreed on a new set of covenants and based on the director's financial projections and current expectations, the directors are confident that they can be met. Management plans also indicate that the Group will generate sufficient cash flows over the next 12 months from the date that these financial statements were approved by the directors to meet the forecast cash requirements. Following consideration of the above factors the directors believe that the going concern basis of preparation continues to be appropriate.

Basis of consolidation

The group financial statements consolidate the financial statements of Syscap Group Limited and its subsidiary undertakings drawn up to 31 March 2013. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions, with the exception of those listed below, are accounted for under the acquisition method.

The acquisition in a prior year of Syscap Limited and its subsidiaries has been accounted for under the merger accounting method with the difference between the nominal value of the shares issued, plus the fair value of any other consideration given, and the nominal value of the shares received in exchange being shown as a movement in Merger Reserve.

The following accounting policies are applied consistently across the group with intra-group transactions eliminated upon consolidation.

Notes (continued)

1 Accounting policies (continued)

Goodwill and Intangibles

Goodwill arising on the acquisition of subsidiary undertakings and business, 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 useful economic life, not exceeding twenty years. Provision is made for any impairment. An annual impairment test is conducted at the year end.

Goodwill arising on acquisitions in the year ended 31 March 2000 and earlier periods were written off to reserves in accordance with the accounting standard then in place. As permitted by the current accounting standard, the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Software development costs are capitalised to the extent there is expected to be a future benefit and these are separately identifiable and incremental. The costs are amortised over their expected useful life.

The Licence fee is being amortised over a period of 10 years which is in accordance with the benefit received under the licence period.

Tangible fixed assets

Tangible fixed assets are stated at original historical cost less accumulated depreciation. The directors regularly review the useful economic lives of assets and, where necessary, adjust the expected useful life.

Depreciation is provided to write off the cost less estimated residual value of each asset, by equal instalments over its useful economic lives. The rates applied are as follows:

Equipment for hire	-	term of hire agreement
Equipment, fixtures and fittings	-	2-5 years

Investments

Investments in subsidiary undertakings are stated at cost less amounts written off following any impairment.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or advanced because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required by accounting standards, full provision for deferred tax without discounting is made for all timing differences which, have arisen and not reversed at the balance sheet date.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. They can be regarded as recoverable if it is more likely than not that there will be future taxable profits against which the reversal of the asset can be deducted.

Notes (continued)

1 Accounting policies (continued)

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term. Finance leases are treated as shown below.

As lessor

Finance leases and similar hire purchase contracts are accounted for on a similar basis. The capital value of the minimum lease payments is included within debtors categorised as appropriate under debtors due within or after one year. Finance income is allocated to accounting periods over the period of the lease using a sum of the digits method of income recognition and is included within turnover. Rental receipts are apportioned between finance income and reduction of the net investment in finance leases.

As lessee

Assets held under finance leases and hire purchase contracts are initially reported at the fair value of the assets, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over its useful economic life. Finance charges are allocated to accounting periods over the period of the lease using a sum of digits method of income recognition. Rentals are apportioned between finance charges and reduction of the liability.

Residual values

Residual values exposure occurs due to the uncertain nature of the value of an asset at the end of an agreement. Residual values are set at the commencement of the lease based upon management's expectation of future sale proceeds. Throughout the life of an asset its residual value will fluctuate because of the uncertainty of the future market for that asset as well as general economic conditions. Due to this level of uncertainty, a general provision has been created to cover any permanent impairment required in the future.

Bad debt provisions

The group carefully monitors the credit quality of its portfolio and makes provision for specific bad debts as they arise taking into account possible recoveries from the customer and sale proceeds of the asset.

Turnover

Turnover represents the following amounts, excluding value added tax:

- (i) Rental income derived from periodic payments made by the customers for the use of equipment,
- (ii) Lease income derived from the finance charges on leases written by the group,
- (iii) Brokerage income derived from the introduction of business to third party funders, and
- (iv) Income earned from selling the assets or extended rentals at the end of brokered leases.

Total volume, as mentioned in the Directors Report, is the total value of hardware, software and services financed, whether purchased by the group or not.

Notes (continued)

1 Accounting policies (continued)

Cost of sales

Cost of sales consists of depreciation of equipment for hire leased to customers under operating leases

Initial selling profit

Initial selling profit is recognised on assets purchased by the group's broking company and sold to its finance company. This is calculated as the difference between the amount paid for an asset by the group, and the amount at which such an asset would be sold. In calculating initial selling profit, the group compares the purchase cost with the present value of the future rental stream at their required yield.

Other operating income

Other operating income represents the following amounts:

- (i) Disposal profits or losses derived from the sale of equipment which had been used for short term rental to customers, and
- (ii) Profits or losses derived from the early settlement of leases by customers, from extended rentals at the end of the leases and sales of equipment which had been leased to customers, where the lease had been written on our own balance sheet.

Financial instruments

The group has commitments under swaps to hedge exposure to interest risk. Cash flows arising under the hedge contracts are accounted for on an accruals basis so as to match their effect with the amounts payable on the underlying borrowing.

Foreign currency

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. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets at the rates prevailing at the balance sheet date. Exchange differences are included in the profit and loss account.

Pension schemes

The group makes contributions to individuals' private pension schemes.

Notes (continued)

2 Segmental information

The group's turnover arises substantially within the United Kingdom from its principal activities as set out in the Directors' report

3 Interest payable and similar charges

	2013 £000	2012 £000
Finance charges payable in respect of finance leases and similar loans and hire purchase		
Contracts	136	294
On bank loans and overdrafts	254	245
	<u>390</u>	<u>539</u>

4 Profit on ordinary activities before taxation

	2013 £000	2012 £000
<i>Profit on ordinary activities before taxation for the group is stated after charging/(crediting) the following amounts</i>		
Depreciation of tangible fixed assets (note 9)		
- owned assets	177	234
- leased assets	4	4
Amortisation of (note 8)		
- goodwill	-	10
- licence fees	3	3
- software development	84	106
Operating lease rentals – land and buildings	141	141
Bad debt – specific	168	62
Impairment loss	-	34
Profit on disposal of assets	(679)	(958)
	<u></u>	<u></u>

Services provided by the company's auditor

Fees payable for the audit of the parent company's consolidated financial statements	7	7
Fees payable for other services		
The audit of the company's subsidiaries pursuant to legislation – current year	54	52
Tax compliance services	26	35
	<u></u>	<u></u>

The audit fees are borne by Syscap Limited

Exceptional items

During the year, a historic balance greater than five years old of £115,000 was written off from the VAT control account, creating a one-off exceptional income adjustment

Notes (continued)

5 Staff numbers and costs

The average monthly number of persons employed by the Group (including directors) during the year was as follows

	Number of employees	
	2013	2012
Sales	45	40
Administration	34	35
	<hr/>	<hr/>
	79	75
	<hr/>	<hr/>

Their aggregate payroll costs of these persons were as follows

	2013 £000	2012 £000
Wages and salaries	4,616	4,739
Social security costs	536	556
Other pension costs	101	80
	<hr/>	<hr/>
	5,253	5,375
	<hr/>	<hr/>

There were no outstanding or prepaid pension contributions at 31 March 2013 and 2012

Remuneration of directors

	2013 £000	2012 £000
Aggregate emoluments	603	680
Compensation for loss of office	85	66
Pension costs	41	41
	<hr/>	<hr/>
	729	787
	<hr/>	<hr/>

There were 4 (2012: 5) directors receiving company contributions into personal pension schemes

The above amounts for remuneration include the following in respect of the highest paid director

	2013 £000	2012 £000
Aggregate emoluments	236	233
Pension costs	18	18
	<hr/>	<hr/>
	254	251
	<hr/>	<hr/>

Notes (continued)

6 Tax on profit on ordinary activities

Analysis of charge in year

	2013 £000	2012 £000
<i>Current tax</i>		
UK corporation tax on profits for the year	427	176
Total current tax	427	176
<i>Deferred taxation (note 13)</i>		
Current year deferred tax charge	315	271
Impact of change in tax rate	165	361
Adjustment in respect of prior years	(205)	-
Total deferred tax	275	632
Tax on profit on ordinary activities	702	808

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2012 lower) than the main rate of corporation tax in the UK. The differences are explained below

	2013 £000	2012 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,063	1,715
Current tax at 24 % (2012 26%)	495	446
<i>Effects of</i>		
Utilisation of tax losses	(315)	(274)
Prior year adjustments	258	-
Short term timing differences	(11)	-
Losses carried forward	-	3
Permanent differences	-	1
Total current tax charge	427	176

Factors affecting future tax charges

The main rate of corporation tax will reduce from 24% to 23% from 1 April 2013. Proposals are in place in the Finance Bill 2013 to reduce the main rate of corporation tax from 23% to 21% from April 2014 and then a further reduction of 1% to 20% in April 2015.

Notes (continued)

7 Loss attributable to Syscap Group Limited

The loss after tax for the year dealt with in the financial statements of the parent company, Syscap Group Limited, was £8,802 (2012 £22,230). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of Syscap Group Limited.

8 Intangible assets

Group	Purchased goodwill £000	Software development £000	Licence fee £000	Total £000
Cost				
At beginning of year	1,848	517	33	2,398
Additions	-	19	-	19
Work in progress	-	24	-	24
Disposals	(1,848)	-	-	(1,848)
At end of year	-	560	33	593
Accumulated amortisation				
At beginning of year	1,848	420	15	2,283
Charge for year	-	84	3	87
Disposals	(1,848)	-	-	(1,848)
At end of year	-	504	18	522
Net book value				
At 31 March 2013	-	56	15	71
At 31 March 2012	-	97	18	115

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises.

Goodwill arose on the acquisitions of Ray Cox and Co Professional Finance Limited and Professional Finance and Leasing (PFL). Goodwill for Professional Finance Limited and PFL, which had a useful economic life of 10 years, was wholly amortised at 31 March 2011. Goodwill on Ray Cox and Co, which had a useful economic life of 5 years, was wholly amortised at 31 March 2008.

In October 2010, the Group acquired the trade and assets of the professions business from Exclusivebenefits Limited. This goodwill was amortised over a 10 month period based on the length of the affinity programme acquired and was fully amortised during the year ended 31 March 2012.

Software development costs arose from the internal development of software programs. These costs are being amortised over a period of 2 years. Ongoing costs that relate to the development of software are capitalised and amortised once the project is complete and the cost of the project is known.

The Licence fee arose from the purchase of six seats at Wembley Stadium for business entertainment purposes. The Licence fee is being amortised over a period of 10 years which is in accordance with the licence period.

Notes (continued)

9 Tangible assets

	Equipment for hire	Equipment fixtures and fittings	Total
Group	£000	£000	£000
<i>Cost</i>			
At beginning of year	315	1,484	1,799
Additions	1,606	72	1,678
Disposals	(1,588)	(1)	(1,589)
	<hr/>	<hr/>	<hr/>
At end of year	333	1,555	1,888
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
At beginning of year	3	1,224	1,227
Charge for year	46	135	181
On disposals	(47)	(1)	(48)
	<hr/>	<hr/>	<hr/>
At end of year	2	1,358	1,360
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2013	331	197	528
	<hr/>	<hr/>	<hr/>
At 31 March 2012	312	260	572
	<hr/>	<hr/>	<hr/>

Rentals received during the year under operating leases amounted to £49,000 (2012 £74,000)

Assets with a net book value of £655 (2012 £4,585) are held under finance leases and have been included above

10 Investments

Company	Shares in group Undertakings £000
<i>Cost</i>	
At 31 March 2012 and 2013	52
	<hr/>
<i>Provision for impairment</i>	
At 31 March 2012 and 2013	-
	<hr/>
<i>Net book value</i>	
At 31 March 2013	52
	<hr/>
At 31 March 2012	52
	<hr/>

The directors consider the value of the investments to be supported by their underlying assets

Notes (continued)

10 Investments (continued)

Subsidiary undertakings

The following are the subsidiary undertakings of the group and are included in the group consolidated financial statements

Company name	Country of incorporation	Class of shares held	Percentage of shares held	Capital and retained earnings £000
Syscap Limited *	Great Britain	£1 ordinary shares	100%	8,343
Paramount Computer Rentals Limited *	Great Britain	£1 ordinary shares	100%	-
Syscap Finance Limited	Great Britain	£1 ordinary shares	100%	1,490
Syscap Leasing Limited	Great Britain	£1 ordinary shares	100%	3,920
Global Network Finance Limited	Great Britain	£1 ordinary shares	100%	-
Exclusive Benefits Limited	Great Britain	£1 ordinary shares	100%	(74)
Syscap Receivables Limited	Great Britain	£1 ordinary shares	100%	10
Serco Paisa Limited	Great Britain	£1 ordinary shares	50%	-

(* Subsidiary undertaking is a direct subsidiary of the company)

All the companies have a year end being 31 March except for Serco Paisa Limited who has a year end being 31 December. This is based on the year end of Serco Holdings Limited who jointly owns and controls Serco Paisa Limited.

All the companies were engaged in the principal activity of the group except for Paramount Computer Rentals Limited and Global Network Finance Limited which were wound up during the year. Any remaining investment in these companies has been written off during the current year.

Notes (continued)

11 Debtors

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
<i>Amounts falling due within one year</i>				
Trade debtors	460	425	-	-
Amounts owed by group undertakings	-	-	-	9
Net investment in finance leases and similar hire purchase contracts	19,941	20,866	-	-
Other debtors	8,167	7,596	4,405	4,405
Prepayments and accrued income	329	397	-	-
	<u>28,897</u>	<u>29,284</u>	<u>4,405</u>	<u>4,414</u>
<i>Amounts falling due after one year</i>				
Net investment in finance leases and similar hire purchase contracts	995	1,247	-	-
Deferred tax (note 13)	3,782	4,057	-	-
	<u>4,777</u>	<u>5,304</u>	<u>-</u>	<u>-</u>
	<u>33,674</u>	<u>34,588</u>	<u>4,405</u>	<u>4,414</u>

Amounts owed by group undertakings are unsecured and are interest free

Included in Other debtors of £8,167,000 (2012 £7,596,000) is an amount owed by the parent company, Syscap Holdings Limited, of £7,229,000 (2012 £5,821,000). This has not been disclosed as an Amount owed by group undertakings as the financial statements of Syscap Holdings Limited are not consolidated into these financial statements.

The cost of equipment acquired during the year for the purpose of letting under finance leases was £5,669,519 (2012 £8,072,291).

Rentals falling due (excluding VAT) during the year in relation to finance leases amounted to £2,366,918 (2012 £3,652,701).

Notes (continued)

12 Residual values

Unguaranteed residual values for IT equipment under leases, which form part of the net investment in finance leases, can be analysed as follows

	Group	
	2013	2012
	£000	£000
Operating leases		
<i>Year in which the residual value will be recovered</i>		
Within 1 year	96	55
Between 1 and 2 years	102	97
Between 2 and 5 years	127	104
	<hr/>	<hr/>
Total exposure	325	256
	<hr/>	<hr/>

	Group	
	2013	2012
	£000	£000
Finance leases		
<i>Year in which the residual value will be recovered</i>		
Within 1 year	347	346
Between 1 and 2 years	311	332
Between 2 and 5 years	190	260
After 5 years	-	3
	<hr/>	<hr/>
Total exposure	848	941
	<hr/>	<hr/>

The parent company has no unguaranteed residual values

Notes (continued)

13 Deferred tax asset

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
At beginning of year	4,057	4,689	-	-
Profit and loss charge for the year (note 6)	(275)	(632)	-	-
At end of year (note 11)	<u>3,782</u>	<u>4,057</u>	<u>-</u>	<u>-</u>

The deferred tax asset arises as follows and is included in debtors (note 11)

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Accumulated difference between capital allowances and depreciation	3,566	3,508	-	-
Trading loss carried forward	380	489	-	-
Short term timing differences	(164)	60	-	-
At end of year	<u>3,782</u>	<u>4,057</u>	<u>-</u>	<u>-</u>

Factors affecting future tax charges

The main rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 24% and will be taxed at 23% in the future in line with the reduction in the corporation tax rate to 23% from 1 April 2013.

The proposed reductions of the main rate of corporation tax to 21% by 1 April 2014 and to 20% by 1 April 2015 are expected to be enacted separately. The overall effect of the further tax changes from 23% to 21%, if these applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability by £328,912.

Notes (continued)

14 Creditors, amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Bank loans and overdrafts	8,260	7,601	-	-
Obligations under hire purchase and similar contracts relating to				
- assets subject to leases	668	3,328	-	-
- own assets	-	4	-	-
Trade creditors	3,098	3,021	-	-
Amounts owed to group undertakings	-	-	3,392	3,392
VAT payable	343	638	-	-
Other taxation and social security	152	185	-	-
Other creditors	91	174	-	-
Accruals and deferred income	14,878	13,322	-	-
	<u>27,490</u>	<u>28,273</u>	<u>3,392</u>	<u>3,392</u>

Amounts owed to group undertakings are unsecured and are interest free

Included in Other creditors of £91,000 (2012 £174,000) is an amount owed to the parent company, Syscap Holdings Limited, of £nil (2012 £167,000) This has not been disclosed as an Amount owed to group undertakings as the financial statements of Syscap Holdings Limited are not consolidated into these financial statements

15 Creditors: amounts falling due after more than one year

	Group		Company	
	2013	2012	2013	2012
	£000	£000	£000	£000
Obligations under hire purchase and similar contracts relating to				
- assets subject to leases	164	175	-	-
	<u>164</u>	<u>175</u>	<u>-</u>	<u>-</u>

The group has granted fixed and floating charges over the assets of various group companies to secure the group's overdraft facilities (note 22)

The hire purchase and similar contracts are used to fund own book leases and are secured on the net investment in finance leases

Notes (continued)

15 Creditors: amounts falling due after more than one year (continued)

The maturity of bank loans and overdrafts is as follows

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Debt can be analysed as falling due				
- within one year, or on demand	8,260	7,601	-	-
	<u>8,260</u>	<u>7,601</u>	<u>-</u>	<u>-</u>

The maturity of finance leases and obligations under hire purchase contracts is as follows

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Debt can be analysed as falling due				
- within one year	668	3,332	-	-
- between one and five years	164	175	-	-
	<u>832</u>	<u>3,507</u>	<u>-</u>	<u>-</u>

At the balance sheet date the Group has long term debt from RBS of £4,464,000 repayable during the period July 2013 to January 2015. On the occurrence of an exit event a fee becomes payable based on the total capital that has been repaid at the time. The Group's longer term financial planning indicates that sufficient cash will be generated by these dates to fully repay the debt. Facilities were renewed with RBS on 16 April 2013.

Notes (continued)

16 Called up share capital

	2013 £000	2012 £000
<i>Authorised</i>		
1,084,879 (2012 1,084,879) ordinary shares of 10p each	108	108
497,385 (2012 497,385) 'A' ordinary shares of 10p each	50	50
200,118 (2012 200,118) 'B' ordinary shares of 10p each	20	20
217,618 (2012 217,618) 'C' ordinary shares of 10p each	22	22
	<u>200</u>	<u>200</u>
<i>Allotted, issued and fully paid</i>		
477,592 (2012 477,592) ordinary shares of 10p each	48	48
457,741 (2012 457,741) 'A' ordinary shares of 10p each	46	46
192,209 (2012 192,209) 'C' ordinary shares of 10p each	19	19
	<u>113</u>	<u>113</u>

17 Share premium and reserves

	Capital reserve £000	Capital redemption reserve £000	Merger reserve £000	Share premium account £000	Other reserve £000	Profit and loss account £000	Total £000
Group							
At beginning of year	863	11	535	1,635	9	8,174	11,227
Profit for the year	-	-	-	-	-	1,361	1,361
Transfer of reserves	(863)	-	-	-	-	863	-
	<u>-</u>	<u>11</u>	<u>535</u>	<u>1,635</u>	<u>9</u>	<u>10,398</u>	<u>12,588</u>
At end of year	<u>-</u>	<u>11</u>	<u>535</u>	<u>1,635</u>	<u>9</u>	<u>10,398</u>	<u>12,588</u>

The Capital reserve arose on investments in Ambitron Limited and Paramount Computer Rentals Limited. During the year, Paramount Computer Rentals Limited, being the only remaining investment, was wound up.

As the investments no longer provide a benefit to the Group, the remaining Capital reserve has been transferred to the Profit and loss reserve.

	Merger reserve £000	Share premium account £000	Capital redemption reserve £000	Profit and loss account £000	Total £000
Company					
At beginning of year	87	1,635	11	(772)	961
Loss for the year	-	-	-	(9)	(9)
	<u>87</u>	<u>1,635</u>	<u>11</u>	<u>(781)</u>	<u>952</u>
At end of year	<u>87</u>	<u>1,635</u>	<u>11</u>	<u>(781)</u>	<u>952</u>

Notes (continued)

18 Reconciliation of movements in shareholders' funds

	Group		Company	
	2013 £000	2012 £000	2013 £000	2012 £000
Profit/(loss) for the financial year	1,361	907	(9)	(22)
Net addition/(deduction) to shareholders' funds	1,361	907	(9)	(22)
Opening shareholders' funds	11,340	10,433	1,074	1,096
Closing shareholders' funds	12,701	11,340	1,065	1,074

19 Net cash flow from operating activities

	2013 £000	2012 £000
Operating profit	2,453	2,254
Non-cash exceptional items	(115)	-
Amortisation of goodwill	-	10
Amortisation of intangibles	87	109
Depreciation of tangible fixed assets	181	238
Decrease/(increase) in debtors	239	(1,636)
Increase in creditors	1,337	431
Net cash inflow from operating activities	4,182	1,406

Notes (continued)

20 Analysis of cash flows

	2013 £000	2012 £000
<i>Returns on investments and servicing of finance</i>		
Interest paid	(254)	(245)
Interest element of finance leases and similar loans and hire purchase contracts	(136)	(294)
Net cash outflow	(390)	(539)
<i>Taxation</i>		
UK corporation tax paid	-	-
Net cash inflow/(outflow)	-	-
<i>Capital expenditure</i>		
Purchase of intangible assets	(43)	(41)
Purchase of tangible fixed assets	(1,678)	(1,135)
Sale of tangible fixed assets	1,541	1,029
Net cash outflow	(180)	(147)
<i>Financing</i>		
New hire purchase and similar contracts	5,396	12,116
Capital element of rentals of hire purchase and similar contracts	(8,071)	(12,847)
Increase in revolving credit facility loan	632	2,995
Net cash (outflow)/inflow	(2,043)	2,264

Notes (continued)

21 Analysis and reconciliation of net debt

	31 March 2012 £000	Cash flow £000	Non-cash changes £000	31 March 2013 £000
Cash at bank and in hand	4,513	1,569	-	6,082
Bank loans	(7,601)	(632)	(27)	(8,260)
Hire purchase agreements and similar contracts	(3,507)	2,675	-	(832)
Net debt	(6,595)	3,612	(27)	(3,010)

Reconciliation of net cash flows to movement in net debt

	2013 £000	2012 £000
Increase in cash during the year	1,569	2,984
Movement in loans and hire purchase and similar contracts	2,016	(2,312)
Movement in net debt during year	3,585	672
Net debt at start of the year	(6,595)	(7,267)
Net debt at end of the year	(3,010)	(6,595)

22 Guarantees and other financial commitments

Guarantees

The company is a party to a cross-guarantee debenture arrangement with various of its subsidiary undertakings in respect of loans and group overdraft facilities. Under this arrangement, the aggregate loans and overdraft balances outstanding at 31 March 2013 that were guaranteed were £781,971 (2012 £3,913,970).

Financial commitments

The group has entered into a non-cancellable operating lease in respect of land and buildings, the payments for which extend over a period of up to 5 years. The total rental for the period was £141,000 (2012 £141,000). The minimum future annual rentals under the foregoing leases which expire in the following periods are

	2013 £000	2012 £000
Within one year	141	141
Within 2 to 5 years	105	246

The group has entered into hire purchase and similar contracts to acquire equipment for rental or lease. The future obligations under such contracts are detailed in notes 14 and 15.

The parent company has no operating lease commitments.

Notes *(continued)*

23 Contingent liabilities

A group company brokers lease finance agreements to third party lessors. Under certain brokerage agreements the lessors are entitled to require the company to repurchase the equipment at the end of the lease for a predetermined amount.

At year end the total amount of potential future repurchase costs resulting from the exercise of selling options by lessors was £60,000 (2012 £41,000).

In the past, the sale or releasing of repurchased equipment has been a significant contributor to profits. As a consequence of this, it is the directors' view that expected income from the sale or releasing of this equipment will exceed the costs of repurchase.

24 Ultimate parent undertaking

The Company is a subsidiary undertaking of Syscap Holdings Limited, a company registered in England and Wales. The directors consider that the parent company, Syscap Holdings Limited, is the company's ultimate controlling party.

The largest and smallest group in which the results of the company are consolidated is headed by Syscap Holdings Limited, whose consolidated financial statements may be obtained from its principal place of business at Wimbledon Bridge House, 1 Hartfield Road, London SW19 3RU.

25 Post Balance Sheet Events

Following the year end on 16 April 2013, SHG renewed its financing facilities with RBS. The facilities comprise £4,464,439 senior debt and a £10,750,000 revolving credit facility. The senior debt is repayable over two years. Further details are set out on page 11 of the financial statements.