SCC EMEA Limited and Subsidiary Undertakings

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

Simplify the Complex

scc emea limited and subsidiary undertakings

CONTENTS

The directors present their Annual Report for the Year Ended 31 March 2020 for SCC EMEA Group: SCC EMEA Limited and its Subsidiary Undertakings

2020 FINANCIAL HIGHLIGHTS

TURNOVER
£2.3bn +5.5%
FY19 | £2.2bn

OPERATING PROFIT
£30.7m +8.8%
FY19 | £28.2m

PROFIT BEFORE TAX
£28.7m +10.3%
FY19 | £26.0m

CASH FROM OPERATIONS
£102.5m +8.1%
FY19 | £94.8m

NET ASSETS
£169.1m +8.3%
FY19 | £156.2m

"Growing Services, Growing Profitability: Turnover up 5.5% to £2.3bn: Operating Profitability up 8.8% to £30.7m."

Performance Review

2020 was another year of strong performance with turnover increasing in all countries. With focus on margins and our services businesses, we have delivered growth in operating profit to a new record. Our French business led the way with growth in turnover of 9%. Services growth is key to our strategy of "Leading with Services" and with 11% growth in the year, this has flowed through into our improved operating profit. Our product business also continues to do well with a better mix of business pushing margin rates higher.
Record operating profit at £30.7m represents a growth of 9% for the group which is driven by the improved performance of our French services business.

With our financial year ending in March, we like many other businesses were affected by the COVID-19 outbreak and this has dampened the results for the year as many of our customers needed to change their operations and investment plans in this key month. All our businesses continued to trade throughout this exceptional period.

I have talked before about the importance of understanding our customers' needs as a cornerstone of our success and never before has this been as important. We have delivered growth in the last financial year and are now responding to their needs to adapt to the current health and economic challenges, quickly deploying solutions to support workplace productivity and remote working with robust, secure solutions.

Investment in people and in technology remains essential to a healthy future. We have continued to invest for the long term over the last year in internal systems and Data Centre Solutions as well as in our people. We always aim to improve our own capabilities and although we have not made any acquisitions this year, we have integrated existing UK businesses. Like many other companies we will review our future investment in the current climate and ensure it is closely managed.

In France investment in our services business has continued and we have seen the benefits in the latest financial performance. In Spain we are still growing and our specialist delivery centres in UK, France, Romania and Vietnam continue to support the improved performance.

Market Changes and Customer Relevance

Customers remain challenged to continue their digital journeys, will need to manage costs carefully and access technology to support the new workplace environment we are facing. We will support them and will continue to seek innovative ideas and solutions to meet their changing needs. Staying close to customer needs during challenging economic conditions is important and underpins our commitment to offering solutions relevant to their needs.

Alongside the significant shifts we now see in the workplace, the trends we have seen towards Digitalisation, Hybrid Cloud and the need to protect against security risks continue to be the main changes in the market. I expect that these trends will remain the key themes for the future and we work with customers and vendors to deliver appropriate solutions.

Innovation in services remains important to our future and we continue to ensure we understand customers' need so we remain relevant to both vendors and customers. In response to recent events, new solutions in thermographic technology and document management solutions have supported customers alongside our specialisms in connectivity and remote working solutions.

Our vendor independence supported by long term relationships helps us maintain an agile and innovative approach and we always aim to put forward the best solutions to our customers. We recognise the importance of specialist skills to the quality of the solutions we can offer in many areas of our business including our Security solutions and Data Centre operations where we focus on attaining the highest standards.

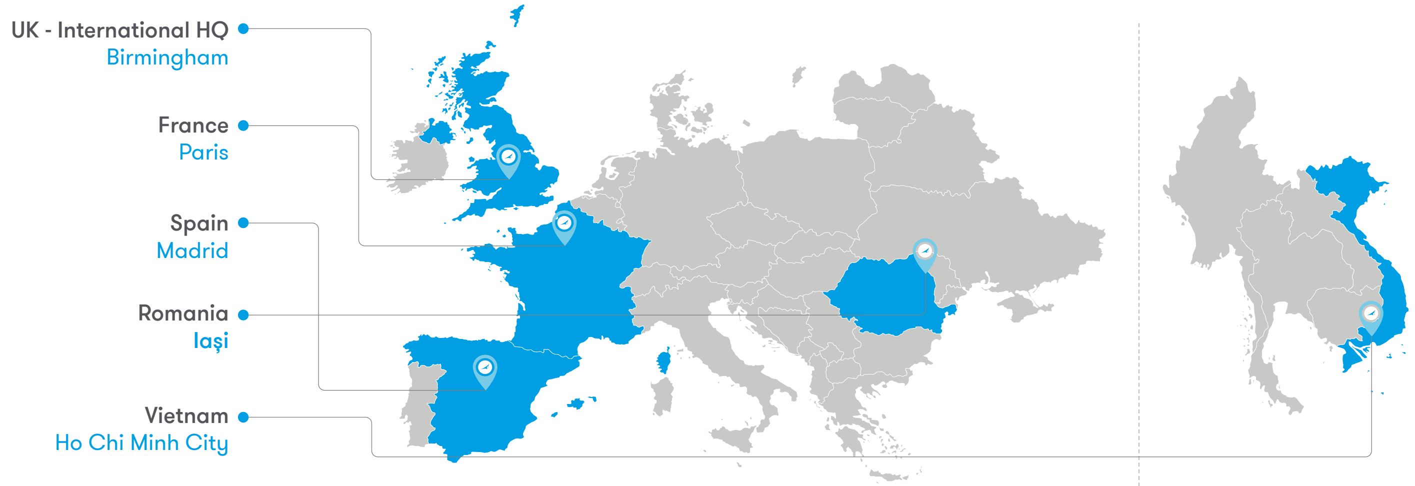
Since the end of our financial year, we like many other businesses have taken action to manage our financial position as market demand has changed and have ensured that every step is taken to protect the long-term viability of the business. Where we have needed to furlough staff, we remain committed to retaining their employment status in the longer term wherever possible.

We have a strong heritage as the largest independent IT business in Europe and within the family owned Rigby Group we have an outlook which allows us to continue to invest and manage for the long term. Operating a "country based" model, with local executives delivering and procuring locally we enable each of our businesses to focus on customer requirements allowing us to be agile and responsive, whilst at the same time being able to leverage expertise from the scale of the group.

Looking to the Future

Looking forward to the coming year we will continue to review the local conditions in each of our markets. We will adapt our operations to the local climate to keep our business and the solutions we offer relevant to our customers' changing needs. Our history is of adapting to change and we have successfully weathered economic headwinds in the past, leveraging our innovative spirit, and our strong relationships with customers and vendors. Our financial plans are in place, our financial position is secure and we are well prepared for the coming year.

James Rigby
Chief Executive



Supporting customers across Europe

Lending strategic partner to 50+ leading vendors

Multi-award winning Managed Services & Data Centres

Multi lingual global delivery centres

More than 5,500 employees

45+ offices in the UK, France, Spain, Romania & Vietnam

SCC EMEA Limited Group (SCC) is an independent family run IT services business partnering with industry leaders to deliver world class solutions. We enable people to do business by planning, supplying, integrating and managing IT for leading public and private sector businesses across our operations in the UK, France and Spain. We are the technology division of Rigby Group (RG) plc, a diversified private group with interests in technology, aviation, airports, hotels, property development and financial services.

Our global headquarters is in the UK at our Birmingham Technology Campus and is complemented by regional head offices in Paris, Madrid, Iasi and Ho Chi Minh City.

Our Operations

Our capability across the Infrastructure extends from Data Centre Services through the network to the PC and printer devices at the edge and can help our customers with our expertise in newer areas of technology, covering the Digital Workplace, Hybrid Cloud, Security, as well as in considering the impact of Data and Artificial Intelligence. Working with our people, customers and partners to help champion sustainable IT, we help to deliver competitive advantage through reduced costs, improved efficiency and enhanced brand value and reputation.

The global delivery centres in Romania and Vietnam provide our customers with 24×7 access to over 1000 staff dedicated to flexible support solutions to meet their needs.

We have recently enhanced our facilities in Iasi moving to new modern offices designed to continue to attract and retain the best talent and our service levels are regularly recognised by important industry awards. In Vietnam the operation established in 2017 has expanded rapidly providing technical and data centre infrastructure support expertise to our customers.

Our portfolio of services spans from supply through to fully managed services, infrastructure optimisation, unified communications and Data Centre services

We support our customers in seven key areas: Enterprise Infrastructure; Data Centre Hosting and Cloud Infrastructure; IT Outsourcing; Digital Workplace; Software and Software Asset Management; Network and Security and Flexible Resourcing.

Our continued success comes from our ability to develop lasting partnerships with our customers and partners, as well as being able to think ahead and invest strategically.

We help companies and government organisations optimise their IT infrastructure to reduce cost and increase organisational agility.

We have been trusted to run IT infrastructure services for leading businesses for over 40 years. SCC has an excellent end to end service offering and is a long term business with a strong and stable long term investor.

STRATEGY

Our strategy and vision remains unchanged during the year and we continued to make further progress against all of our strategic objectives

OUR VISION

To be recognized by our customers, partners and employees as the market leader in IT solutions

OUR PURPOSE

To provide planning, supply, integration and management of IT solutions to help our customers achieve their goals.

OUR STRATEGIC OBJECTIVES

- LEAD WITH SERVICE
- ENHANCE RELATIONSHIPS
- IMPROVE PRODUCTIVITY
- INNOVATE OUR SERVICES

THE ENABLERS

PEOPLE	TECHNOLOGY	SERVICE
Pre Sales Skills	Establish Innovation Hub	Business Systems
Enhanced Work Spaces	Optimise DCS Assets	Operational Support
Skill Development	Differentiate Services	Commercial Management

PROGRESS (THIS YEAR)

PEOPLE	TECHNOLOGY	SERVICE
People & Customer Focused Head Office Development	Further investment in DCS Capability	System transformation in Field Service Solution
Enhanced Remote Working Capabilities	IoT & AI Investment, Thermal Detection Systems	Integration of Print and Document Management
Extended 'Skill-Pill' Training		Completed Audio Visual Business Integration

BUSINESS MODEL

We operate the business to deliver our vision through a Solutions based model supported by a shared services approach to ensure we can integrate and manage these solutions. Engagement with our customers is necessarily consultative to achieve this.

OUR SOLUTION AREAS

OUR CUSTOMERS

Solutions Model

Our breadth of capability around the IT infrastructure enables SCC to help our customers on their digital journeys which in turn is helping them to reinvent their business models.

Shared Services Model

Our services span supply, integration and management of IT solutions. Our global delivery centres provide flexible cost aware solutions.

Engagement Model

We adopt a consultative approach to fully understand the needs of our customer's and we drive innovation to remain relevant to their changing requirements.

DATA CENTRE MODERNISATION

MAKING YOUR ESTATE THE BUSINESS ENABLER

- Cloud readiness assessment
- Cloud+
- Colocation
- Managed Public Cloud
- Sentinel
- Shadow IT, Cloud and Governance
- Supply Chain Services
- Software

WORKPLACE PRODUCTIVITY

WORKING WITHOUT BOUNDARIES

- AV Services
- End User Compute
- Document Services
- Supply Chain Services
- Software

SECURITY

THE PROACTIVE STRATEGY

- Security Consulting
- Managed Security
- Security Solutions
- Supply Chain Services
- Software

NETWORKS & COMMUNICATIONS

THE CORNERSTONE OF EVERYTHING

- Network Health Check
- Managed LAN
- LAN and Wireless Connect
- Supply Chain Services
- Software

BUSINESS PROCESS OUTSOURCING

FINDING THE BETTER WAY

- Flexible Resourcing
- Managing a field-based workforce
- Payroll
- Service Delivery Centre
- ServiceNow
- Supply Chain Services
- Software

INNOVATION

TAKING IDEAS INTO REALITY

- Forensic Cyber Security
- GDPR Compliance
- Internet of Things (IoT)
- Predictive Healthcare

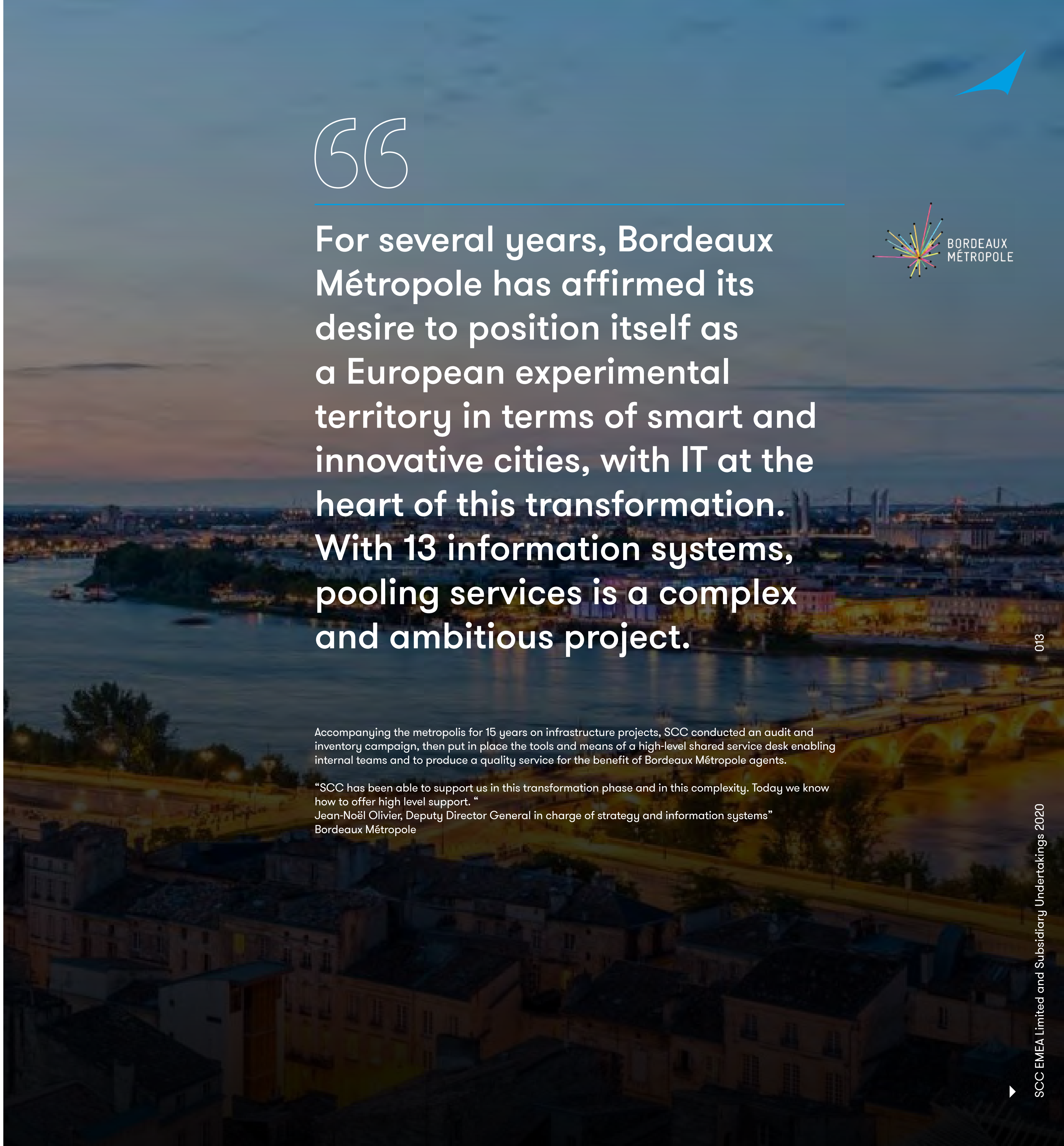
Many of our customers optimise their IT procurement using our financial services solutions. SCC partners with financing specialist Rigby Capital Ltd to spread the cost of IT investment by matching optimum procurement processes with cash budgets. Working with customers in all sectors we use flexible financing options to help customers access the range of solutions we offer.

CUSTOMERS

“We are trusted to deliver innovative IT solutions to meet customer’s goals”

Our focus is on our customers and their Chief Information Officers, building relationships, understanding their needs and supporting their technology journey.

Our business is well diversified and we support customers in the public and private sectors with our integrated service and supply offerings.



For several years, Bordeaux Métropole has affirmed its desire to position itself as a European experimental territory in terms of smart and innovative cities, with IT at the heart of this transformation. With 13 information systems, pooling services is a complex and ambitious project.

Accompanying the metropolis for 15 years on infrastructure projects, SCC conducted an audit and inventory campaign, then put in place the tools and means of a high-level shared service desk enabling internal teams and to produce a quality service for the benefit of Bordeaux Métropole agents.

“SCC has been able to support us in this transformation phase and in this complexity. Today we know how to offer high level support. “
Jean-Noël Olivier, Deputy Director General in charge of strategy and information systems”
Bordeaux Métropole

EURO SECURITIES PARTNERS

SCC has developed a quality financial proposal for internal infrastructure, desktop virtualisation and server virtualisation. The entire infrastructure has been relocated to secure sites with secure remote access, and on time.

EURO SECURITIES PARTNERS

A subsidiary of Crédit Agricole and BNP Paribas, Euro Securities Partners provides delegated project management, IT project management, management and monitoring of IT operations as well as back-office user support. With an obsolete infrastructure, Euro Securities Partners decides to turn to SCC to upgrade all of its equipment over a two-year period.

The choice of SCC was a natural fit for the rest of the project, thanks to the confidence we had with the teams and the quality of the proposal made to us. Didier MITHOUARD, Managing Director Euro Securities Partners

BAE SYSTEMS

BAE Systems needed a cost-effective IT recycling solution to dispose of or reuse IT equipment and associated materials.

BAE SYSTEMS

SCC and CSC worked together to create an innovative approach to BAE Systems.

As a data erasure specialist, SCC was able to provide extensive onsite data erasure services to BAE Systems, removing confidential data from redundant IT equipment before either remarketing, redeploying or destroying the kit.

“This new approach of reuse and recycling of IT materials is now being implemented across other parts of BAE System’s business as well as other CSC customers.” said Christina Aspden, Head of IM&T Service Improvement.

> SCC's approach is flexible and pragmatic. It's that simple. They deal with it all, from configuration to disposal.

ALAN WOOD,
IT Operations Manager,
MBDA

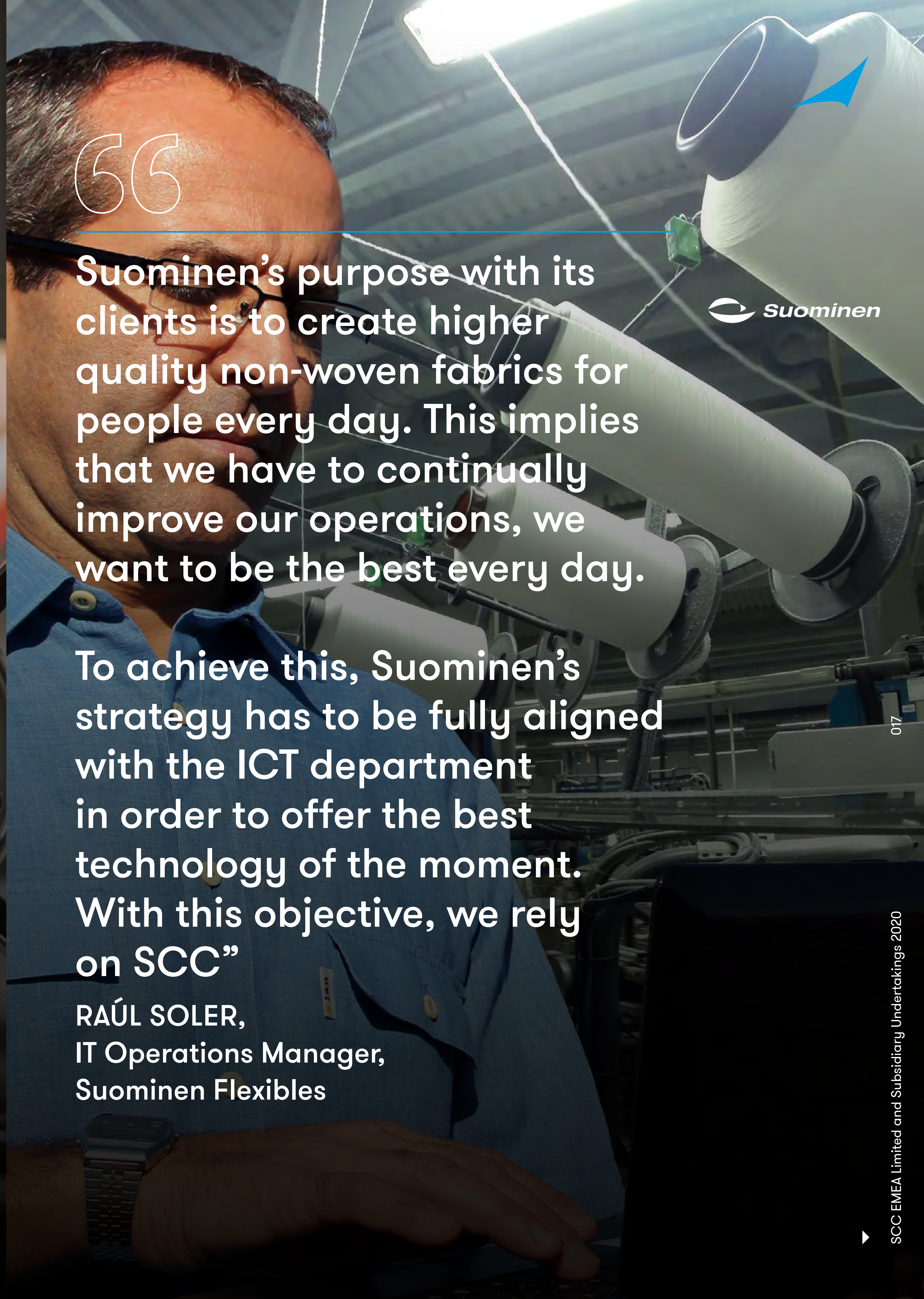
With high technology and complex manufacturing at their heart, MBDA UK required an IT partner that understood their business and could meet their stringent requirements for security. They turned to SCC following a competitive search of the market in line with their procurement processes

Challenges

- Outside specialist skills and services required
- Stringent security, safety and quality standards from chosen partner
- Flexible and pragmatic support
- Accessible management structure

Solutions

- Internal on-site service desk provision
- Configuration for EUC requirements
- Highly secure supply chain including deployment and disposal
- Future development and implementation of new services to align with customer requirements



> Suominen's purpose with its clients is to create higher quality non-woven fabrics for people every day. This implies that we have to continually improve our operations, we want to be the best every day.
>
> To achieve this, Suominen's strategy has to be fully aligned with the ICT department in order to offer the best technology of the moment. With this objective, we rely on SCC"

RAÚL SOLER,
IT Operations Manager,
Suominen Flexibles

> We came to SCC because we did not want to have multiple solutions, from differing providers. We needed a trusted pair of hands that could provide solutions across the entire range of our IT needs

IAIN HEPBURN,
IS Mobilisation Lead, Mitie Care & Custody

Challenges

- Small mobilisation timeframe
- Stringent Home Office Security requirements
- Delivery across secure WAN of secure email, remote access, device management, managed and hosted device services
- Multiple sites

Solutions

- SCC's Sentinel platform selected as cornerstone of project
- Sentinel was the first Pan-Government Accredited Public Sector platform
- Use of SCC's multiple solutions across entire range of IT requirements
- Platform design included access for all users to critical business applications by other Mitie partners

SUPPLIERS

"Partnership is important to us"

Accreditations:

Partnerships have been established with many vendors of which HP, HPE, DELL, Veritas, EMC, Cisco, IBM, VMWare, Microsoft, NetApp, Lenovo and Oracle are pre-eminent. We are a multi-award winning business, underpinned by best practice IT accreditations and processes to deliver market-leading solutions for our global customers.

We have established relationships with vendors which we maintain for the long term as these vendor partnerships are fundamental to our long term success. We work hard to maintain these relationships which are central to the business being able to provide vendor independence to our customers.

"We consider SCC a valued partner, supporting NetApp's drive to enable the digital transformation of UK businesses and Public Sector – with visionary data-driven technologies. Our shared values and SCC's enviable track-record when it comes to customer fulfilment makes for a fruitful partnership."

ADAM TARBOX,
Director of Channel Sales,
NetApp UK & Ireland

"SCC is a long standing Microsoft partner that has worked with our mutual clients to drive great customer business outcomes and customer satisfaction across the Cloud and on premise Microsoft Solutions. SCC's ability to offer managed services as well as hybrid compute and consulting services enables them to provide a wide range of solutions to meet the needs of our customers"

MARK BEDFORD,
Senior Director and Head of Specialist Team Unit, Microsoft UK

SCC bridges the gap between business needs and technology to deliver world-class solutions. From IBM's technology to its people and vision, we work with our customers to deliver the strongest, most agile solutions. With a specialist dedicated IBM team, we are able to offer that extra support needed when helping our customers plan, integrate and manage their projects

"IBM's relationship with SCC is hugely valued across the IBM organisation. This has developed over the years from primarily a transactional model to a high-value multifaceted partnership in the market. In the last 10 years SCC's IBM software business has grown from a small reseller to a large strategically positioned Partner. Maturity in this market also means SCC are regularly building complex offerings and programs, giving them a deep understanding of IBM and how to optimise offerings for customer benefit"

PAUL BROWN,
Vice President of Partner Growth,
IBM UKI

As a Veritas Certified Platinum Partner, we have been recognised for our expertise and contribution to developing and deploying Veritas based solutions.

"For over 20 years Veritas and SCC have worked closely together delivering data management solutions to its customers. The relationship is based on a willingness from both parties to invest in each other's core skills to drive successful outcomes in the market. As both organisations evolve to take advantage of the 'Cloud era' Veritas believes SCC will remain a strong partner for many more years to come and looks forward to growing its revenue and customer base across Europe further with them".

MARK NUTT,
Veritas Senior Vice President of EMEA Sales,
Veritas

PEOPLE

“We offer a rewarding and positive environment for our employees to develop & thrive”

Our success is dependent on the people who make up our business. We acknowledge our people’s contribution and therefore promote a culture that equally values the contribution of men and women.

As a family owned and managed business, we embrace diversity with pay principles that ensure gender is not a factor in how people are paid and rewarded. As we become more of a services led business and as technology changes and becomes more complex, we review the skills our people have and enhance them to provide the correct level of expertise to customers

Graduate Schemes

Following the launch of our Graduate training scheme back in 2018 we have progressed 14 talented graduates through a level 3 professional qualification within our technical sales team. They received a wide variety of internal and external training and mentoring and are now embedded in the permanent team.

We also work closely with Universities to recruit graduates in the specialist field of IT and offer a wide range of support and development to graduates joining through this route.

Apprenticeship Schemes

SCC values apprenticeships as a reliable means of maintaining a diverse and talented business. We have between 18-32 programmes running at any one time and we work closely with colleges and training providers to continually develop a diverse and rewarding apprenticeships linked to clear career pathways.

Equality and Diversity

We believe that a richly diverse business is more likely to succeed as the mix of views and backgrounds is more likely to create innovation and align to our customers. We are committed to a policy of equal opportunities and promoting diversity in all aspects of employment.

For employment by disabled person 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.

Health and Wellbeing

SCC we are committed to protect the health, safety and welfare of our staff and that of our customers and partners who may be affected by our undertakings. We recognise the continual improvement of our health and safety performance will depend upon our maintenance of a positive health and safety culture. We have worked with The Healthy Employee (THE) for more than five years giving people at SCC the opportunity to improve their wellbeing with access to health assessments and healthy eating programmes

Keeping in touch

Keeping our people informed is an important aspect of our culture and we achieve this through various approaches. Through our intranet we provide news and technical resources together with our regular CEO blogs and messages to share important developments throughout the year. Formal and informal meetings and presentations ensure that staff are provided with essential updates to keep them apprised of changes in the business and how this affects them.

Salary Extras

We offer our employees flexible benefits package providing them with choice and flexibility such as childcare vouchers, eye care vouchers, discounts on travel cards, mobile phone schemes, secret sales, discounted cinema tickets, and many more.

SHAREHOLDERS

“Delivery of growth in EBITDA and annual dividends”

RIGBY

We are owned by the Rigby Group (RG) plc, a family owned diversified group with divisions in Technology, Airports, Aviation and Hotels. To measure performance consistently over these differing businesses the group uses “EBITDA” (operating profit adjusted for depreciation and amortisation costs) as an additional measure of financial performance.

EBITDA Reconciliation

Whilst we focus our management teams on operating profit, we also track closely our EBITDA to ensure we are aligned to our parent’s financial objectives. EBITDA has grown by 5.7% over the last financial year to £49.3m

	2020 £’000	2019 £’000
Operating profit	30,707	28,222
Depreciation	12,015	12,058
Amortisation	6,571	6,359
EBITDA	**49,292**	**46,639**

Dividends

We aim to return to our shareholder a maximum of 50% of the profit after tax generated by the group in every financial year without increasing our leverage. Setting targets for operating businesses to deliver cash dividends is a strong motivation to management teams and a policy which we expect to maintain in the future.

Dividends of £8.5m (2019: £8.5m) have been paid to RG Group plc which represents 39.8% of profit after tax (2019:45.6%)

Shareholder Participation

Our shareholders are closely involved in the management of the business, hold executive positions and ensure the business and shareholder goals are closely aligned. As part of a long standing financially strong group SCC benefits from shareholder commitment to the long term future of the business.

COMMUNITIES

“We seek to be good neighbours making a positive contribution to the communities in which we operate”

We are a family business and take our responsibilities to our communities seriously.

Ethical Policies

Our business is conducted to rigorous ethical, professional and legal standards and operated in an environmentally responsible manner, providing high quality and sustainable products and services to our customers with integrity and care.

We operate clear internal policies in relation to Fraud, Bribery and Corruption, Modern Slavery, Anti-facilitation of Tax Evasion and Whistleblowing.

Tax Strategy/ Policy

As part of the Rigby Group (RG) plc group of companies, we adhere to the Rigby Group taxation policy.

We establish levels of risk management and governance which are appropriate to our business. These include the operation of an internal audit function and by working closely with dedicated tax specialists in our Rigby Group tax team. In addition we obtain specialist external tax advice for significant transactions and continuously improve our financial systems to reduce levels of risk where possible.

We structure our financial transactions in a manner consistent with the economic substance of the underlying activity and have no appetite for tax motivated planning, artificial tax structures, or offshore activities designed to avoid meeting our responsibilities to pay taxes.

Distributing Economic Value to Stakeholders

Economic value (Turnover) generated in the last year has grown by 6% to £2,273m. Of the value generated 80% is consumed by operating costs to suppliers and the remainder is distributed between shareholders, people and communities or retained for the future investment in the business.

£'000	Growth	FY20	FY19
Economic Value Generated	+6%	**2,273,062**	**2,152,459**
Shareholders	+0%	8,500	8,500
People	+4%	224,187	214,844
Communities	+3%	62,316	60,639
Operating Costs	+6%	1,938,224	1,831,524
Value Retained	+8%	**39,835**	**36,952**

**Residual economic value is economic value generated excluding operating costs and value retained.*

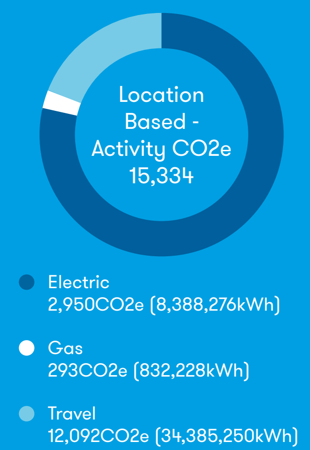
Residual Economic Value Distributed

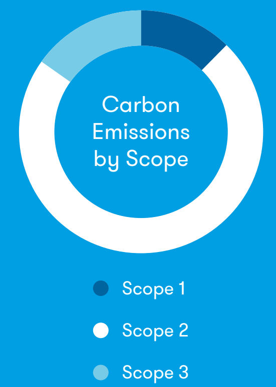
Environment

Our aim is to continue to reduce our energy consumption; reduce water and waste consumption; increase our employees’ CSR awareness; increase recycling; decrease noise and air pollution and decrease our consumption of paper and packaging.

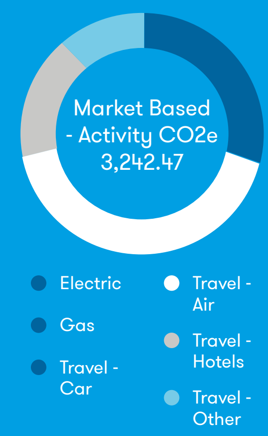
We recognise the importance of our environmental responsibilities in all markets in which we operate and seek to continually raise employee awareness of environmental issues in order to minimise the impact on the environment.

Over a number of years significant investments have been made in recycling services and we have a 0% landfill objective on recycled IT. We have put in place the necessary systems to manage, control and monitor performance in respect of environmental. Since 2010, we have been working with carbon management company co2balance, to calculate and offset the carbon dioxide emissions created from our Data Centres and offices and in doing so, achieving Carbon Zero status for these facilities. We have achieved this through co2balance’s support of a range of projects, the most prominent being its Energy Efficient Stove Project in Kenya, and more recently, its Borehole Rehabilitation Project in Uganda.





On the location based method our emissions amount to 15,334 tCO2e (43,605,754.16 kWh) primarily driven by Electricity consumption which falls under scope 2 Indirect emissions and which we continue to purchase from 100% renewable sources. As a result our market based method carbon emissions amount to 3,242.59 tCO2e, compared to 3,150.82 tCO2e in the prior year, an increase of 91.77 tCO2e 2.91.



On the market based approach the largest emitting part of SCC’s footprint continues to be emissions from fuel cards petrol and company owned vehicles. They make up a combined carbon footprint of 1,581.11 tCO2e, which amounts to 49% of our company’s footprint. Some other results from this year’s assessment include:

- Slight increase of emissions from gas consumption, up by 1.45%
- Decrease in emissions from air travel, -6.15%, a reduction of 26.54 tCO2e.
- Increase in the emissions from train travel by 6.15%; growth trend in usage of this low carbon mode of transport when compared against car usage.
- Reduction in emissions from hotel accommodation by -19.16%, building on the reductions from the previous assessment.

SCC’s Recycling, Environmental and IT teams carry out extensive research and system development in order to input the most accurate data into our bespoke Recycling system, Radius. When customer IT equipment is received into our secure facility, we assign each item a unique SCC tracker identifier and capture all critical item details, including manufacturer, model, serial number and applicable asset numbers. The unique tracker is physically placed on items and captured into our bespoke asset management database, Radius, alongside all other critical item detail. Radius is a fully auditable system which records real time touch points involved in the end to end processing of each individual item.

Charitable Support

The Rigby Foundation Charitable Trust was founded and operates on the principle that success in business goes hand-in-hand with putting back into society and communities. The Foundation invests in causes relating to lifelong learning, health and education. The foundation currently has more than £1.5million invested in active projects, supported by strategic guidance and oversight from senior Rigby Group executives

The Rigby Foundation has donated £500,000 to champion innovative cancer care in South Warwickshire at the new £22 million Stratford Hospital. The Foundation has donated £250,000 to create a new dedicated cancer unit which will be named The Rigby Unit as well as creating and sponsoring the annual Rigby Awards, worth a further £250,000, which will encourage and champion better ways of delivering cancer care in the local community.

SCC continues to be an active supporter of the Rigby Foundation which is a registered charity and which operates independently of SCC. We believe that building and maintaining relationships of trust in the community is vital to the sustainability of our business. Our chosen charity partners for 2020 were The Prince's Trust, Molly Olly's Wishes and Mind through which we are able to support diverse organisations supporting a range of people and their families.

Through our employee volunteering day's scheme every SCC employee is entitled to a volunteering day and they can use the day to support a charity that is important to them. We also continue to support the Course Du Coeur where a team of 14 SCC individuals from across our UK and France organisations participate in a relay style 800km race from Paris to Les Arcs raising funds and awareness for organ donation.

STAKEHOLDER ENGAGEMENT AND SECTION 172 STATEMENT

Engaging with our stakeholders is an important aspect of the way we manage our Company and a key element of our governance framework. Our directors are central to stakeholder engagement and are expected to meet their obligations under the Companies Act and to use all reasonable skill, care and diligence in doing so. To support them we provide training for new directors and refresher support for all existing directors. During the year we provided this support with the assistance of the corporate team at our lawyers Gowlings, confirming our directors are aware of their obligations and can seek additional guidance if required.

Section 172 of the Companies Act 2006 requires directors to promote the success of the Company for the benefit of the members as a whole and in so doing to act fairly between members and to have regard to the interests of stakeholders. Under Section 172, directors have other obligations to consider the likely impact on stakeholders of decisions in the long term, the need to consider interests of employees and to foster relationships with suppliers and customers; to consider the impact which the Company has on the wider community and the environment, and to recognise the desirability of maintaining high standards of business conduct.

Within this report we discuss who our stakeholders are and summarise here how we have engaged with them, describing the main elements of our relationship, how we have considered what is important to them and how we have responded to address those needs in the way we have managed the Company.

With a shareholder committed to the future of the business and with individual shareholders holding executive positions, we have always been able to take a long term view and our ethical approach comes from those family values which underpin our culture. Having ethical policies and respect for stakeholders and the wider community is an established principal for the Company and for the group. We recognise how important ethical behaviour is to all of our stakeholders as a key element of strong long term relationships which deliver value. This is further discussed in our communities section.

	Stakeholders	Customers	Suppliers	People	Communities
How we engage					
	• Shareholder participation in board and executive meetings • Executive roles are held • Strong internal governance	• Close Executive relationships • Regular Account reviews • Key account management • Customer feedback	• Close Executive relationships • Strategic Relationships reviews • Clearly defined supplier engagement policy • Technical forums • Technology collaborations	• Employee consultations • Information rich intranet • Monthly CEO communication • 'Ask James' CEO mailbox • Management briefings	• CSR and environmental policies • Collaboration with local community charities • Close relationships with local schools and universities
What's important to them					
	• Long Term Return • Dividend Flow • Cash Generation and Gearing • Financial Discipline • Ethical behaviour, respect for family values	• Quality of Technical Expertise • Relevance of Services and Solutions • Service Levels • Technical relevance and vision • Trusted Partnership • Ethical Behaviour	• Long Term Collaborative Partnership • Proactive Communication • Aligned Commercial Objectives • Technical Expertise • Ethical Behaviour	• Continuity of Fair Employment • Opportunity and Equality • Working Environment • Participation	• Ethical Behaviour • Actively supporting local communities • Environmental Awareness and Actions
How we respond					
	• Long term strategic planning framework • Annual Budgeting and planning • Regular performance reporting • Dividend and cash planning • Shareholder board representation	• Senior Executive engagement • Focused Relationship Management • Maintaining technical expertise • Investment in new technology • Agility in our approach • Monthly board reviews of customer pipelines, new business and challenges.	• Strategic Relationships with senior execs tracking technology change. • Engagement with our sales teams and at our key sales meetings • Supplier Code of Conduct • Skills training and investing to maintain accreditations • Dedicated relationship management	• Clear Employment Policies • Active engagement programmes • Involvement in developing our values framework • Commitment to inclusive culture • Flexible employment packages • Access to skills and technology training • Providing input to the design of our new Head Office	• Developing our sustainability policy • Employee volunteering days • Support for the Rigby Foundation and for local charities • Apprenticeship and graduate trainee programmes

Our Stakeholders are important to us: We consider their needs and reactions to our relationship, engaging with them through our executive and the CEO's office. At board meetings, directors discuss and value feedback on the health of these key relationships.

Shareholders: We have a relationship with our Shareholders which allows us to take a long term view in the management of the business. Their close involvement in the operation and in setting the strategy for the Group is central to ensuring we can balance all of the needs of other stakeholders.

Customers are our focus. Understanding their needs and the challenges they face to adapt solutions to support them is key to our success. Our ability to respond quickly requires us to maintain close contact and builds lasting relationships.

Our **Suppliers** are our providers of Technology and are leaders in the IT industry supplying the products and services we need to create the right solutions for our customers. Success as an independent technology solutions provider depends on maintain the right level of relationships with our suppliers.

People: Our Employees are central to our success and we engage wherever possible to support their development and contribution to the Group. Providing opportunity to improve our workplace and to be part of defining our culture is important to keep our employees at the centre of our business

Community: Our Community and the environment is important to our shareholders, our people and to our customers. It is important that we meet our legal obligations in protecting our environment, support the wider community within which we operate and support our people and their desire to engage with charitable activities.

Board Activity and Decision Making

The Group operates a monthly Board meeting for executive and non-executive and for invited guests as the principal forum through which the directors discharge their duties. At each meeting, the Board receives reports from the executive directors covering the financial performance, sales and commercial activities, legal matters, strategy updates and the general business environment. Members of the executive provide relevant updates from their area of operation and decisions are made taking into account risk and the impact that those decisions have on stakeholders.

Key decisions taken during the year have considered the stakeholders and how they would be impacted.

Financial Plan FY21: In setting our plans for the coming financial year, we considered how we can set targets which deliver to our shareholders a return which reflects their investment. In doing so we consider the need to deliver solutions to ensure our customers are supported over the longer term and our vendor relationships are strong beyond the current financial period. Motivating our employees with the targets to maintain the quality of service and reputation is an important aspect of setting our short term goal. Our financial plans for the coming year are considered by the directors to be balanced between all of these stakeholders and have created a financial plan which fits into a long term vision.

Our **Head Office** development is a project we started to provide a better experience for customers to showcase our business and the services we provide and to provide a modern dynamic workplace for our employees. Our offices will be located on the Birmingham Technology Campus site, so we are able to provide customers with the best combination of showcase facilities and access to our data centre located on the same campus. Maintaining the same location provides continued access for staff working at this location with minimal disruption and maximum continuity whilst continuing our investment in the local economy where we are a major investor.

Enhancing our **Internal Systems** is a transformational programme which provides a platform to support our customers with the best operational systems to deliver the best services, our shareholders with secure modern systems to deliver financial and operational control and productivity and our employees with the tools to deliver great outcomes. Our approach has been to plan for the long term and to deliver those elements early in the programme which give the most operational benefits. Our area of focus over the past year has been the services operational aspects of the programme and completing a secure and comprehensive design to guide the programme.

Dividends: We set targets for dividends as part of our planning process and as a motivation to management to ensure that cash generation is central to financial performance. Setting the level of dividend takes into account the need to invest in the business and its working capital needs, thereby protecting the long term financial independence of the Group for the benefit of other stakeholders. The directors consider that the levels set and paid in cash strike the right balance between these needs.

“Effective risk management is key to delivering our strategic objectives”

Under the current regulatory regime we are not required to follow a formal Corporate Governance Code. We do though take seriously our obligations to our stakeholders and we support initiatives designed to extend the good corporate culture and behaviour. Internal governance is an important aspect of our relationship with our shareholders and we keep under review how we can improve our governance processes.

Internal Control & Risk Management

The board adopts the conventional three lines of defence approach to risk management.

Operational Management accept primary responsibility for identifying and managing risks, with Board Oversight and Independent Assurance ensuring that Risk Management is effective.

1st	Operational Management	• ownership of day to day risk • application of controls to mitigate risk
2nd	Board Oversight	• establish risk appetite • develop risk management framework
3rd	Independent Assurance	• internal audit assessment of risk matrix • external auditor assurance

The Board has overall responsibility for the maintaining and reviewing the company’s system of internal control ensuring that controls are robust and aligned to the appetite for risk when pursuing its strategic objectives.

Internal Audit

The SCC EMEA group internal audit function provides the board with assurance over the financial controls of the Company.

Identification and documentation of risks and controls is an important aspect of the relationship with the internal audit function

Internal audit staff benefit from the oversight and involvement of senior finance and non-executive resource within the shareholder organisation but independent of the SCC group.

External Audit

Our external auditor is a key element in our control framework as a valuable source of independent assurance. We therefore work closely with our auditors to ensure that we support them in providing an annual audit which is as effective as possible in providing assurance to our stakeholders. We are committed to supporting greater value to our shareholder from our external audit.

Regular engagement through the year as part of formal Audit Committee arrangements and informal business updates are designed to keep our auditors fully appraised of changes within the business and to support improvements in the quality of assurance our stakeholders receive from our annual audit.

Risk Management Framework

The management of risk is at the core of our internal control framework. We have a risk management policy which defines how we identify, assess and manage risks throughout the organisation and we have a defined risk appetite which enables us to effectively manage the impact on our strategy.

Risks are assessed and quantified in terms of likelihood and potential impact both before and after any control mitigation. This allows us to ensure we implement controls effectively where they have the greatest impact on reducing risk in our business.

The Board has established a Risk Management Framework to ensure that effective risk governance is in place, promotes a strong risk culture and expects everyone to adhere to these high standards. Strategic risks are reviewed annually and the board continually reviews operational risks.

Risk Appetite

SCC has a strong market position with a solid track record of delivery. Our approach to risk balances growth ambitions with maintaining that strong reputation.

	Risk Statement	Risk Parameter
Growth	Growth in our customer base and services range is pursued whilst maintaining a balanced approach to protect against excess growth in working capital.	New business should fit within normal ranges for our cash conversion cycle.
Acquisitions	Where opportunities exist to increase capability in specialist operations either within existing business units or complementary to them, we will pursue them subject to our acquisition criteria.	Post tax returns should meet payback objectives and EBITDA multiples must fit within the appropriate market range for the capability being acquired.
Profitability	Operating profit is a key driver in assessing long term growth opportunities.	Lower margins may be accepted in the short term where opportunity to return to normal levels is realistic.
Operational Risk	Operational risk is reviewed for all new business and considered in commercial decision making.	Only operations within our current specialisms are taken on without significant due diligence and preparation.
Data Security	High levels of data security are maintained to deliver services and are reviewed and tested to mitigate risk.	Specialist data resources assess security levels to ensure compliance at the levels demanded by customers.
Reputation	Our reputation is very important and we will avoid or mitigate all situations where our reputation could be damaged.	Zero tolerance approach to breaches of legislation or statutory requirements. Avoidance of engagement with tax schemes.

Risk Universe

Understanding all of the risks facing the business is an important step to successfully managing the business for the long term. Our view of the risk universe impacting the business is core to the understanding and is summarised on the below:

Risk Category	Impact
Financial	Profitability, revenue streams, operating cost, debt or unrecoverable costs
Technology Change	Design, delivery, availability, scalability, continuity, consistency or marketing of services
Commercial	Design or delivery of contracted services and associated service level agreements, including anticipated SLA breaches and service credits
Infrastructure Security	Confidentiality, integrity &/or availability of information or information assets through accidental or malicious intent
Internal Systems & Productivity	Effectiveness of current processes or associated process controls
Documents & Records	Creation, processing, classification, control, integrity, availability, recovery &/or disposal of documentation and records
Business Continuity	Ability to recover systems, infrastructure, resources, operations and services in accordance with contracts and associated SLA's
Standards & Certification	Scope and effectiveness of certified management systems
Systems & Communications	Accessibility, integrity and availability of systems and communications
Infrastructure	Size, location, integrity or suitability of buildings and associated utilities
People	Quantity, availability and competency of appropriately skilled employees
Strategy	Suitability of current strategic objectives
Reputation	Credibility, confidence or public profile either locally, nationally or internationally
Legal Compliance	Criminal prosecution, custodial sentence, class action, prohibition notice, civil action, improvement notice, personal claims or industrial tribunal
Health & Safety	Physical or mental health and welfare of employees or the public
Business Environment	Economic and political uncertainty
Environmental	Environment or public health
Suppliers & Sub-contractors	Loss of critical suppliers, service level and contract breaches or disagreements

Further to the outbreak of COVID-19 we have considered the impact that this could have on our business in the coming months by reviewing how the risks in our risk universe have been affected and how we have taken action to mitigate their impact. Those risks most affected, the impact that we see and how we have responded are set out here.

Risk Category	Risk Statement	Risk Parameter
Financial	Profitability decline due to a fall in demand. Access to cash restricted due to lower cash receipts and fundable assets.	• We have modelled profitability and access to cash under various scenarios and increased their focus on rolling forecasts. • Bank facilities have been reviewed and updated to provide some extension and additional flexibility to accomodate increased uncertainty . • Capital and discretionary spend deferred or avoided where possible for the whole of the next financial year.
Technology Change	Remote working practices provide challenges to our customers and opportunities only if we are prepared for this change.	• We offer a broad range of solutions to support remote working and secure infrastructure off site solutions via data centers. Whilst keeping this under review we have a robust set of products and solutions to ensure our offerings are relevant to customers.
Commercial	Demand from customers for changes to commercial contracts and more flexible payment arrangements and service structures; Reduced volumes of activity due to limited access to workplaces.	• Short term flexibility option have been discussed with customers where possible. Close customer contact has been maintained to identify activities and projects which can be supported remotely or where on-site access is still possible.
Infrastructure Security	Possible additional risk of malicious activity.	• High standards were in place over our Data Centre and Internal Systems ahead of the crisis. We continue to be vigilant and to maintain the highest standards.
Business Continuity	Difficulty in operating remotely for a long time	• Our business continuity plans were instigated quickly and successfully, operating well with minimal disruption to operations.
Health and Safety	Requirement to follow government distancing measures	• Full impact assessments on roles and work places were undertaken proactively in readiness for detailed government guidelines which we have been able to follow. We have prepared our workplaces to protect the health and safety of our staff and continue our operations by combining use of workplaces and our off site continuity plans.
Business Environment	Significant uncertainty driving potential decline in demand and delay in decision making with investment decisions being deferred or budgets cancelled	• We have increased the frequency and depth of customer contact to stay close to their plans, and frequently monitor activity levels on a daily basis. The management team has a high focus on monitoring customer demand
Suppliers and Sub-Contractors	Disruption to supply chains in global market	• We have a strong supply chain provided by financially and operationally strong suppliers and vendors and have been working with them to minimise the impact of shortages

Principal Risk and Mitigations

Infrastructure Security

- Loss of Data Centre operations due to Cyber-attacks or a failure of physical or technical fail over procedures resulting in interruption of services to customers and reputational damage.
- Cyber-attack to our systems leading to a loss of customer, personal or business data.
- Loss of service of internal systems disrupting internal operations or customer experience.

Trend

Mitigation

- Industry Standard Network Protection and Data Centre Infrastructure
- Ongoing security testing and investment programmes to maintain protection
- Extensive Information Security Policy and Procedures.

Update

- Governance programme responding to higher cyber risk environment.
- COVID-19 has increased potential for malicious activity. High Standards ahead of COVID-19 underpin our ability to mitigate this risk

Technology Change

- Decline in demand for our services or knowledge.
- Failure to identify new technology demands or vendor developments.
- Investing in the wrong technology.
- Failure to invest appropriately in internal and customer facing software.
- Failure to understand our customers and respond to changes in their requirements.

Trend

Mitigation

- Established business with experienced executive practised in managing technology change
- Long standing customer and vendor relationships.
- Vendor Independence allowing a selection of the most appropriate solutions for customers.
- Ongoing review of internal technical expertise to ensure it is up to date and relevant.
- Close involvement of senior executives in operations and technology strategy.
- Rolling programme of Strategic Review for each business unit.
- Innovation team dedicated to identifying technology trends and our response

Update

- Executive are keeping up to date with change
- Business growth indicates continued relevance
- COVID-19 remote working will accelerate the speed of change and impact on the services demanded. Our broard range of services and solutions will respond so we must continue to stay close to customers to ensure we meet their needs.

Commercial

- Long term contracts become onerous due to poor risk identification and competitive pressures
- Contract management and delegated authorities become inadequate to identify and mitigate contractual risks.
- Failure to deliver contractual obligations and meet required service levels.
- Customer Loss or failure to pay

Trend

Mitigation

- Clear engagement and contract approval processes engaging all appropriate stakeholders from bid to contract signature.
- Specialist skills engaged in commercial bid and contracting process.
- Senior Executive review via major opportunities review board.
- Board and Shareholder engagement in significant opportunities.
- Long term customer relationships are maintained with high levels of services and the close attention of management
- Setting of appropriate credit limits and insurance with leading global insurance partners

Update

- Competition remains strong
- Economic uncertainty in some sectors is exceptionally high. Although we have limited exposure we closely monitor and work with those customers
- Contract management policy remains effective
- COVID-19 has increased general uncertainty and demands for contractual flexibility. We monitor and manage those demands carefully and closely

Financial

- Poor control of overheads.
- Underinvesting in indirect costs resulting in failure to identify and win new business or to deliver required customer experience.
- Short term cost management detracting from the long term need to invest in supporting infrastructure necessary to maintain and enhance productivity.
- Weak working capital management.
- Inadequate Financing facilities with inappropriate counterparties which do not match with the working capital profile

Mitigation

- Detailed financial reviews are carried out by senior executives combined with closely controlled delegation of purchasing authority.
- Regular reviews of organisation structure, its size and shape to ensure adequate resources are in place.
- Extensive programme of systems review and replacement with consequent organisational re-shaping.
- Detailed monitoring of working capital drivers, linking pay to performance and embedding working capital considerations into commercial proposals.
- Proactive headroom and bank facility management to stay ahead of future requirements and to respond to the varying cash needs through the year.
- Facilities with long term stable counterparties are matched to working capital needs and are continually reviewed

Update

- Medium & long term business planning has been enhanced with greater short term scenario management focusing on cash availability and profit projections
- Organisational reviews in response to potential change in market demand have been made with plans to continue a close review of the business model over the next financial year.
- Working Capital facilities have been reviewed and where appropriate extended.
- Access to Cash remains strong in all scenarios
- Cost control of both overheads and capital spend have a high focus of management to ensure short term cash availability whilst also to protect long term profitability and the need to continue to invest in the right areas.

Principal Risk and Mitigations

People

- Maintaining wrong skill sets to support customer requirements or generate new business.
- Poor succession planning.
- Inadequate depth to management creating dependence on individuals.
- Failure to attract and retain our most talented colleagues.

Trend

Mitigation

- Regular reviews of technical skill sets with prompt action to train and enhance skills mix.
- Periodic reviews of the organisational structure to enhance its depth and effectiveness.
- Incentive plans are in place for executives.
- Provide ongoing opportunities for personal and professional

Update

- Inherent risk is unchanged

Business Environment

- Uncertainties arising from the general economic and political environment impacting customers investment decisions
- UK's 2016 decision to leave the EU impacting customer confidence, the timing and nature of investment decisions
- Extension to Data Protection regulations under GDPR from May 2018 adding uncertainty for businesses with access to third party data

Trend

Mitigation

- Brexit Impact Assessments internally and in liaison with suppliers and customers.
- Maintaining a supply chain dominated by long standing relationships with world class vendors and specialist distributors of scale and resources adequate to ensure continuity of supply
- Ongoing review at board meetings to assess impact and readiness
- Extensive GDPR readiness programme to assess risks and ensure all parties are aware of obligations and mitigating controls

Update

- Proximity to hard Brexit has not resulted in the need for additional measures to be in place
- Government initiatives have been implemented to safeguard the work force and the access to cash
- Review of the operating cost base has been undertaken to identify opportunities for savings and operational efficiencies to be introduced.
- COVID-19 increases uncertainty driving potential decline in demand and delay in decision making

Strategy

- Long Term Planning process needs to be in sufficient detail to respond to the market, innovation and future potential
- Executive lacking time to focus on the long term
- Operating models not adaptable to facilitate organic and acquisitive growth

Trend

Mitigation

- Detailed 3 year planning processes with executive focus and subsequent performance reporting
- Long term incentive plans support correct behaviours
- History of integrating acquisitions

Update

- Long term planning process starting to refresh
- Integration activities to improve efficiency post acquisitions have continued during the year

Internal Systems & Productivity

- Absence of detailed Business Continuity Plans to ensure short term business viability
- Lack of technical support for Operating and Financial Systems. Weak systems may not deliver necessary information to manage the business
- Absence of productivity improvement programmes required to counteract the commoditisation of technology services

Mitigation

- Continuity plans are in place in operational departments
- Systems replacement programme is addressing long term system dependencies, productivity and data quality

Update

- Business Continuity plans implemented in March 2020 have been successful
- Continued investment in the long term systems replacement programme during the year focused on operational applications driving the greatest productivity and efficiency impacts
- Integration activities to improve efficiency post acquisitions have continued during the year

Successful and Resilient Business, Strong Balance Sheet, Robust Financial Planning, Long Term Shareholder

Viability Statement

The directors have assessed the prospects of the Group over a period longer than the 12 months required by the "Going Concern" provision.

The directors have reviewed the long term strategy of the group for the future five years and during the year have referenced past performance to market dynamics to support our plans to deliver long term value growth to shareholders. The directors have given careful consideration to the long term viability of the business and put steps in place to ensure that the business is managed securely to meet those goals.

The board's forecasts consider the Group's profit, cash flows and other key financial ratios over this period. This analysis also evaluates the potential impact of the principal risks and uncertainties set out above should they occur. This is summarised in the below viability factors:

Viability Indication Factors

Current Performance

- Growth in operating profit whilst maintaining a good cash profile
- Growth and focus on annuity revenues
- Diversified product and solution sets in our key market
- Customers diversified between markets and sectors
- Tight financial control
- Adequate banking facilities

Strategy and Market Knowledge

- Over 40 years of market knowledge
- Experienced executive teams
- Selective acquisition policy focussed on expanding capabilities around our core business
- Long term investment programmes
- Long standing partnerships with market leading vendors

Risks and Mitigations

- Regular risk assessment responsive mitigation actions
- Infrastructure security maintained through expert internal resources and knowledge base
- Technology change managed through market knowledge and executive experience
- Commercial and financial risks mitigated through strong internal controls
- Appropriate resource skill set managed through regular reviews

Strategic and Financial Planning

A medium term plan is in place which brings the projections of each business together with the long term goals and expectations from shareholders. In support of this plan a rigorous annual planning and forecasting cycle is in place to maintain shorter term focus. Whilst forecasting in detail over a long time frame is more difficult detailed plans are developed over a 3 year horizon extended at a higher level to provide a 5 year view which the directors consider reflects their viability time horizon.

Future Expectations

In considering the current uncertainties in the market and general economic conditions which could occur in the near term it is necessary to plan for a lower level of performance than would otherwise have occurred.

Despite this change in environment, the group expects to meet the needs of its shareholders in the short term, and over the longer term to deliver growth in operating profit and cash without support from the Rigby Group though such support is available if required. We continue to expect to deliver long term value and to fund investments supporting productivity improvements, out of our cash generation. Capital expenditure and acquisitions will be funded by cash generated and appropriate levels of debt finance if required. Growth in operating profit will not be delivered by growth in leverage and the group will not be reliant on the Rigby Group to deliver these results. Current planning takes these expectations into account.

Viability

The Group continues to maintain a wide range of services enabling the support of a customer base diversified across many different industries and with a balance of public and private sector organisations. This diversification has enabled the Group to maintain strong operating profitability over many years despite economic uncertainty and fluctuations in the economic cycle.

Continuing economic and political uncertainties in the UK surrounding the country's decision to leave the EU have been considered and will impact some of our customers. Our highly diversified business which delivers opportunities for our customers to reduce long terms costs through investment in technology has a proven track record of being relevant and agile enough to cope with such uncertainties, such that the directors are confident that the Group can maintain performance in these circumstances.

Uncertainties arising from the impact of COVID-19 on the business have created additional uncertainty for the Group and for our customers. Since the year ended and as we entered greater lockdown, the demand for some of our services was lower than we had planned and this sudden fall in activity resulted in the Group making the necessary decision to protect the roles of a number of employees by placing them on the government backed furlough schemes. We have taken action to reduce costs where appropriate to ensure the health of the Group in the short and longer terms and to protect the employment status of as many employees as possible. We expect that these actions will ensure that the business is ready to respond to customer needs when demand returns.

Despite this initial decline in demand for some of our services we have experienced growth in others and with this broad range of products and services available, we are confident we will be able to continue to provide solutions to support our customers in meeting the new challenges and technology needs of the immediate future and the longer term. In the UK, SCC was designated as a Key Business providing essential services to support key sectors including healthcare and all of our businesses in all territories have operated throughout the lockdown period with minimal disruption.

Our Executive team has been working closely with customers to provide continuity of support during the lockdown period and in anticipation of the future. Long standing relationship with vendors and a world class supply chain will support our business despite recent disruption.

Our business continuity plans were successfully enacted and have enabled our business to continue without disruption. We have assessed possible changes to our operating model and will continue to review any actions should they become necessary, to ensure that we are fit for the future, will ensure that our working practices are up to date and that our workplaces are ready to operate in line with all appropriate government guidelines to protect our staff and to support our customers and other stakeholders.

As part of our approach to managing our risk, we have considered the effect of COVID-19 on our risk universe and the consequent potential impact on the Group. Our actions in response take this risk assessment into account.
Detailed profitability and cash scenario planning has been undertaken to stress test the resilience of the business to prolonged impacts of COVID-19 and management are confident that the Group is in a robust position to continue as a going concern. We have increased focus on this important discipline.

We have a long term relationship with .with HSBC Bank in the UK and in France and during the year we have continued to review our facilities to ensure that they are appropriate for our working capital needs, this year making small adjustments to our overdraft facilities to provide additional headroom. Since the start of the COVID-19 crisis, we have proactively engaged with our banking partner and assessed options to provide flexibility in the event of longer term economic uncertainty. All aspects of our facilities have been kept under close and continual review as is appropriate in the current economic environment and we will continue this activity to ensure that the facilities meet our needs during this time of uncertainty.

We have taken action to protect cash during the coming months of heightened uncertainty during the first six months of the year, a period which does not generate as much cash as the second half. In support of this objective we have taken action to defer some capital spend until later periods and to protect our cash through the agreed deferment of payables including in relation to VAT in the UK. These actions we consider appropriate to maximise our cash balances and to provide a sound base for the long term viability of the company. Facility headroom and access to cash is at a level which the board consider more than adequate to support the company through the current crisis and expected recession during the next twelve months.

We have reviewed our forecasts for the coming year and whilst our initial budgets are not likely to be achieved, we are forecasting to generate cash and operating profit in the coming financial period. Although we cannot predict detailed outcomes in current uncertain times, our conclusions are drawn from discussions with many customers and our experienced executive team taking a cautious and prudent view.
Our performance since the close of the financial year gives us confidence in the diligence and careful analysis which we have undertaken and of the financial performance of the coming year. Having traded throughout the lockdown we have demonstrated that we can continue to deliver the products and services which deliver our financial projections in the future.

A strong balance sheet, supported by long term shareholder investment, provides additional confidence in the viability of the Group in the long term. The Rigby Group have reaffirmed their intent to provide financial support to the Group in the event that additional support were required although that is not foreseen in the current forecast.

Based on the results of this analysis the directors expect that the Group will be able to continue in operation and meet its liabilities as they fall due over the five year period of these assessments.

Going Concern

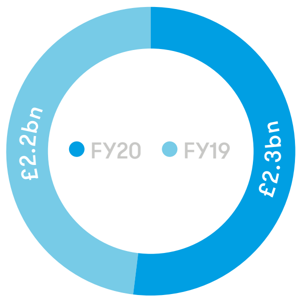
At 31 March 2020 the Group had net assets of £169m, as well as demonstrated growth in turnover, and gross profit. The directors believe the Group is well placed to manage its business risks successfully and the Group's projections show that the Group should continue to be cash generative and be able to operate within the level of its current financing arrangements. Projected short-term impacts on the business from economic uncertainty are manageable and operationally, we are able to continue to provide customer with the same range of services and within government guidelines.

Accordingly, the directors continue to adopt the going concern basis for the preparation of the annual report and financial statements.

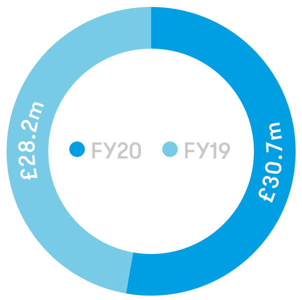
2020 FINANCIAL HIGHLIGHTS

TURNOVER	£2,273m 2019 £2,152m	+6%	OPERATING PROFIT	£30.7m 2019 £28.2m	+9%
SERVICES REVENUE	£372m 2019 £337m	+11%	GROSS PROFIT	£258m 2019 £245m	+5%
CASH FROM OPERATIONS	£102m 2019 £95m	+8%	NET CASH	£310m 2019 £241m	+29%
NET ASSETS	£169m 2019 £156m	+8%	PROFIT BEFORE TAX	£28.7m 2019 £26.0m	+10.4%

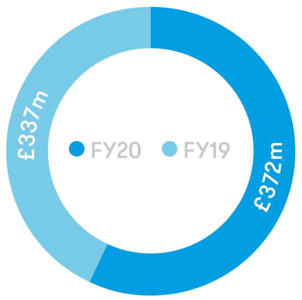
Total turnover



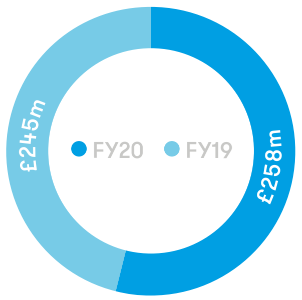
Operating Profit



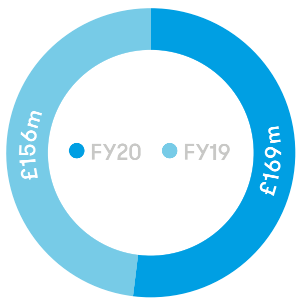
Services Turnover



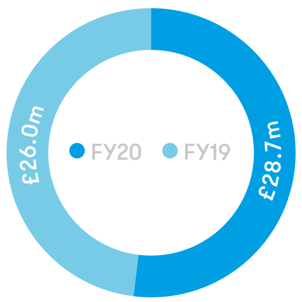
Gross Profit



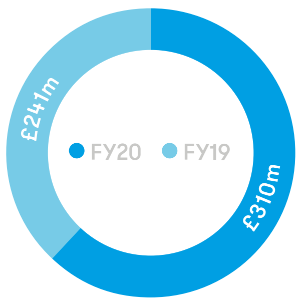
Net Assets



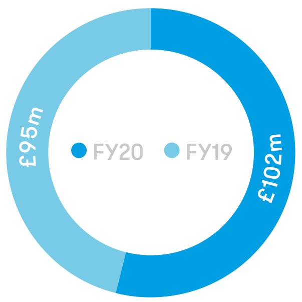
Profit before tax



Net Cash/Debt



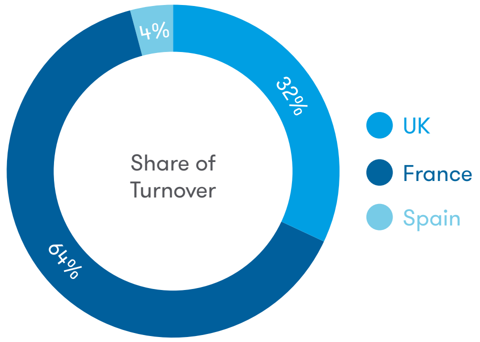
Cash from Operations



“Group turnover has grown by 5.5% year on year to £2.3bn. Operating Profit up 9% to £30.7m”

Turnover

Group turnover has grown by 5.5% year on year and now stands at £2.3bn.



Our French business delivers the largest part of group turnover with the majority of the rest coming from the UK.

Growth in turnover this year reflects strong performance in the product divisions in France. UK turnover was 5% higher. Our services businesses grew turnover by 10.6% during the year to £372m, driven by UK data centres performance.

France at €1.7bn continues to dominate the share of group turnover, 64%, with growth of 9% on last year. This has been achieved by the continued strong performance of our product business.

The UK operations have not grown this year with turnover in the key month of March affected by the COVID-19 crisis. Turnover was 0.2 % higher at £723m in total with growth in Services of 9%.

Spain grew by 15.4 % year on year and we remain on track for our strategic goal of delivering €100m turnover by 2021. Current year growth has been predominantly driven by stronger product sales though services also grew by 7%.

Turnover in our Global Delivery Centres (GDC) is virtually all generated intra group supporting our operations in France and in the UK and indirectly many of their customers. GDC Operations have grown by 9.6% on last year reflecting the continued investment in headcount and commitment to the shared service model to offer our customers cost effective solutions. Headcount at the end of the year exceeded 1100 over two locations similar to that at the end of the prior year.

Profitability

Operating profit for the group at £30.7m was in line with our forecast for the year and represents a 9% improvement over last year.

UK contributes 50% of group operating profit at £15.4m up 5% over the prior year.

France operating profit grew by 14.5% delivering £12.7m with improved performance in both the product and services businesses.

In Spain, profitability this year has increased by 14.6% to £0.5m.

Our GDC's have contributed £1.3m of operating profit for the group, down 11% on prior year. Scope of operations remains broadly the same with some change in mix of services provided to customers in the UK and France.

Group Profit before tax at £28.7m is up 10.4% on prior year again predominantly driven by France.

Cash Generated from Operations and Net Cash

Cash generation is a key performance measure for the Group and we track cash generated from operations, cash conversion and headroom.

£'m	2020	2019
Cash and cash equivalents at beginning of year	**254.3**	**198.6**
EBITDA	49.3	46.6
Capital Investments	(21.9)	(19.4)
Purchase of subsidiary	-	(5.9)
Other Investing activities	0.6	0.5
Working Capital Movements	55.9	52.9
Tax (Paid)/Received	(3.3)	(5.1)
Net cash flow used in financing activities	(15.0)	(13.5)
Foreign Exchange (Total)	0.1	(0.4)
Cash and cash equivalents at end of year	**320.2**	**254.3**
Net increase in cash and cash equivalents	**65.7**	**56.2**

We aim to grow our cash balance after internal investments, payment of dividends and funding modest acquisitions. Closely managing and improving working capital management are key to enabling us to balance these objectives.

Net cash flow from operating activities of £102.5m, for the group is up 8.1% on prior year. All countries managed their working capital well. In the UK, cash generated was not expected to be as strong this year as the above average performance in the prior year and returned to a more normal level. In France working capital improvements this year reversed the decline in the prior. Excellent working capital management in Spain generated significant additional cash in the year.

£'m	2020	2019
Net Cash at beginning of year	**241.0**	**185.0**
Cash flows from operating activities	102.5	94.8
Capital expenditure	(21.9)	(19.4)
Interest received and paid	(1.9)	(2.1)
Dividends paid	(8.7)	(8.5)
Acquisition and disposal of subsidiaries	-	(5.9)
New finance leases	(0.7)	(1.4)
Effects of foreign exchange rates	(0.1)	(0.3)
Net Cash at end of year	**310.2**	**241.0**
Components of net cash/(debt)		
Cash at bank and in hand	320.2	254.3
Overdrafts	-	-
Finance Facilities	0.0	(1.2)
Bank Loans	(2.2)	(3.4)
Obligations under finance leases and HP contracts	(7.7)	(8.7)
	310.2	**241.0**
Movement in Net Cash	**69.2**	**56.0**

Our net cash at the year-end of £310.2m has grown by £69.2m, 29%, on prior year after having invested £21.9m in capital programmes. Management continue to focus on ensuring a strong cash position whilst delivering ongoing programmes of acquisitions and internal investment. In the current climate of increased economic uncertainty across all of the territories in which we operate, we will continue with our policy of maintaining strong cash reserves and a strong working capital policy.

We have closed the year with significant cash availability in the UK and in France to support the working capital requirements of the business going in to the new year and have long standing banking relationships in place in both countries to give us confidence in the adequacy of funds in the future.

Capital Expenditure and Acquisitions

We have not made any acquisitions in the current financial year having focused on integrating those recently acquired business units in the UK more closely with our core operations.

Our capital expenditure programme has continued and remains focused on the transformation of our internal systems, the completion of our head office and on the enhancement to data centres where necessary to provide the required levels of service.

Transforming our internal systems is a long term programme which has progressed during the year to focus now on the implementation of field service solutions to support our UK services business, an element of the programme we expect to complete in the coming year.

This programme will introduce market leading applications to support our customers and internal operations delivering better service, information and efficiency opportunities. Introducing new applications into our legacy environment is a complex programme which will take the time necessary to ensure we secure the continuity of our operations.

Re-investing profits back into the business is a key part of our strategy to ensure that the group is able to change to meet the needs of our customers and remains relevant for the future. During the year we invested £21.9m across all of our programmes, more than in the previous year when we spent £19.4m.

Dividends

In accordance with our policy to deliver shareholder value we have paid cash dividends to our parent company Rigby Group (RG) plc of £8.5m during the year (2019: £8.5m). This was achieved by dividends being paid out of all our trading companies (UK £7.4m; France €5m; and Spain €0.3m).

Dividends paid of £8.5m, were £5.5m higher in cash terms than prior year and at 40% of Profit after Tax reduced retained cash by less than the expected amount.

Net Assets

The group net assets have increased 8.3% from £156m to £169m.

Segmental Analysis

Movements compared to prior year	TURNOVER	OPERATING PROFIT	PROFIT BEFORE TAX	CASH FROM OPERATIONS
UK	£723.4m £721.6m 0.2%	£15.4m £14.6m 5%	£14.5m £13.8m 5.1%	£31.7m £47.1m -32.7%
FRANCE	€1,680.6m €1,539.6m 9.2%	€14.6m €12.8m 14.5%	€13.3m €11.2m 19.2%	€49.7m €57.5m -13.5%
SPAIN	€93.8m €81.3m 15.4%	€0.6m €0.5m 14.6%	€0.6m €0.6m 9.4%	€19.7m €0.3m 6443.4%
GDC	£21.6m £19.7m 9.6%	£1.3m £1.4m -9.9%	£1.3m £1.4m -10.8%	£1.6m £0.7m 145.7%

** During the year we moved SCC UK Holdings Limited into our UK segment to provide a more direct comparison to our French operations and as such the comparative performance has been restated for the UK segment*

We analyse our main trading operations into geographical segments being UK, France, Spain and GDC which represents the combined performance of global delivery centres based in Romania and Vietnam.

UK - International HQ James House, Birmingham

Revenue

£723.4m

+0.2%

2019 | £721.6m

Operating Profit

£15.4m

+4.9%

2019 | £14.6m

Net Cash flow from operations

£31.7m

-32.7%

2019 | £47.1m

Performance in the UK was again strong despite only a marginal increase in turnover with growth in operating profit of 5%.

As the COVID-19 crisis hit the UK in March - our most important month, turnover and operating profit were both adversely affected, though it is difficult to attribute a value to the turnover and profit impacts.
Better product margins and growth in services have driven the improvement in operating profit.

Our services business grew with Data Centre services turnover higher by 17% and with annuity services in total growing again, this year by 9%. Product supply was down slightly, impacted by a fall in public sector business in March.

Designated a key business, we were able to continue to trade throughout the period of lockdown and our business contingency plans were successful in ensuring that we continued to support customers and to enable our employees to continue operations with minimal disruption.

No acquisitions were made in the year. Those made in the prior year were integrated into the core operations of the UK business. Specialist print and document management services companies were hived up into the core business at the end of the prior financial period and have been fully integrated during the year. Specialist Audio Visual services provider SCC AVS continued to trade as a separate legal entity but has become integrated into the UK operations now able to better bring their services to the full range of SCC customers in the UK. This acquisition has continued to deliver the value we expected when acquired and is now making a strong operating profit.

Net cash generated from operations declined this year compared to the prior year. Last year delivered above average growth which was not expected to repeat. Current year cash generation exceeded the £22.9m of two years ago and is more in line with normal expectations.

In March 2020 dividends £7.4m of dividends were declared with £2.5m being cash settled and the residual balance offset against intercompany.

Outlook

Uncertainty relating to COVID-19 has created pressure on the UK business environment though our business has made extensive preparations to ensure that the operating model can be flexed to respond to any prolonged change in demand.
The breadth of the UK's supply and services businesses provide opportunities to support customers as their needs change in response to changes in the working patterns and investment priorities.

With a strong financial performance in the current year, sound balance sheet and access to cash, we expect that the UK business will continue to generate cash and will be able to respond to the future uncertainty as it has traded successfully in past recessions.

France, Paris

Revenue

€1.7bn

+18%

2019 | €1.5bn

Operating Profit

€14.6m

+14.5%

2019 | €12.8m

Net Cash flow from operations

€49.7m

-13.5%

2019 | €57.5m

Very strong growth in our French operations was again achieved with higher turnover in both our supply and our services operations. Our supply business has a strong focus on the public sector which is over 60% of the product turnover and on the software market which again showed strong growth in the year.

Growth in these focus areas for the supply business was also supported by growth in our services business and with improved margin rates across the business operating profit was much improved.

Operating profit growth of 14.5% has been achieved by improved performance in both supply and services with significant progress made on the services transformation. Operating profit returns at 0.9% are higher than the prior year (0.8%) though comparatively lower than for the UK market reflecting the different mix of public and private sector customers and mix of services business. With turnover comprised of over 90% of product and software sales, rates of return will continue to reflect this mix for the medium term.

Our services portfolio delivered €146m of turnover a growth of 30% on the prior year. Improvements in operational efficiency and contract management have been key elements in the programme of transformation in the services operation and have delivered this year significant improvements in margin and profitability.

Our local service delivery centre based in Valenciennes grew significantly during the year, doubling headcount to finish the year with 190 employees compared to 91 a year ago. With services turnover of €6.9m in the year compared to €1.9m in the previous year this operation is now a key element of the service delivery solution.

As the COVID-19 economic impact affected France, our business was impacted and we took prompt action to implement our business continuity plans, enabling us to successfully continue to operate throughout the period when government measures placed restrictions on business both during the financial year and subsequent to it. In response to the sudden decline in business activity, our local executive took the necessary decisions to protect the roles of a number of employees by placing them on the government backed partial employment scheme. We have taken action to reduce costs where appropriate to ensure the health of the business in the short and longer terms and to protect the employment status of as many employees as possible. We have assessed possible changes to our operating model and will continue to review any actions should they become necessary, to ensure that we are fit for the future, will ensure that our working practices are up to date and that our workplaces are ready to operate in line with all appropriate government guidelines to protect our staff and to support our customers and other stakeholders.

Outlook

COVID-19 has created uncertainty in the local business environment however the business has planned extensively to ensure that the operating model will respond to any prolonged change in demand.
Following excellent financial performance in the current year and with access to significant cash, we expect to continue to generate cash and to trade successfully as we have in past recessions.

Spain, Madrid

Revenue

€93.8m

+15.4%

2019 | €81.3m

Operating Profit

€0.6m

+14.6%

2019 | €0.5m

Net Cash flow from operations

€19.7m

+6466%

2019 | €0.3m

Revenue growth of 15% in the year, follows growth of 11% in the previous year as our Spanish business moves closer to the medium-term objective of €100m. Software growth was a key factor in the improved revenue performance this year.

Growing volume in a competitive environment has enabled gross profit to be maintained and the business has streamlined its cost base to improve operating profits.

Control of overheads remains strong and performance would have been improved without some one-off costs suffered in the year which will not repeat in the coming year.

Growing our software business and expanding our range of service offerings are important factors in future plans to improve profitability. Additional revenues may in future be achieved through both organic growth and a targeted acquisition approach.

As the economic impacts of the COVID-19 pandemic affected Spain, our business was inevitably affected. We took prompt action to implement our business continuity plans enabling us to successfully continue operations throughout the period when government measures placed restrictions on business both during the financial year and afterwards.

We have taken necessary action to reduce costs where possible and appropriate to ensure the health of the business in the short and longer terms and to protect the employment status of as many employees as possible.

We will continue to review any actions should they become necessary, to ensure that we are fit for the future, will ensure that our working practices are up to date and that our workplaces are ready to operate in line with all appropriate government guidelines to protect our staff and to support our customers and other stakeholders.

Outlook

As for other businesses, the economic impact of the COVID-19 crisis has created uncertainty and is likely to reduce performance below levels we would otherwise have expected in Spain.

Our local executive team has planned extensively to ensure that we are able to manage our cost base and continue to provide the service to our customers. Our cash position in Spain at the close of the financial year was very strong and we expect to continue to generate cash in the coming financial year.

Our strategic objective remains to grow our turnover to be in excess of €100m and we will continue to focus on delivering this goal.

Outlook for the Coming Financial Year

We have been successful in our services focus and will remain with this at the core of our strategy in the coming year, whilst also remaining attentive to changing needs of customers and technology so we continue to bring the right value added services and products to our customers.

Our cash position is strong and we have good access to cash with strong banking counterparties.

We have a strong and resilient business based on long-term relationships and a sound strategy which has proven successful in growing profitability from our services business and has been resilient in past periods of uncertainty and recession.

Despite continued economic uncertainty arising from the COVID-19 crisis and over the UK's decision to exit from the EU we are confident that our business model remains robust and will withstand the likely recession in the UK, France and Spain. Executive teams have reviewed the operating model and have plans in place to ensure that we are able to respond in circumstances of prolonger uncertainty and decline in activity.

Funds are available to support continued investment programmes, organic growth and working capital. Discretionary investment will be carefully managed to focus on delivering near term value during the immediate term.

Over the coming financial period we expect to continue generate sufficient cash to maintain the key elements of investment in our business.

Approved by the Board of directors and signed on behalf on 15 July 2020.

James Rigby
Chief Executive

The directors present their annual report, audited financial statements of the Group together with the auditor's report for the year ended 31 March 2020.

Strategic Report

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

The Strategic Report sets out the details of the Group's risk management in the Governance and Risk section of the report covering all of the principal risks and uncertainties of the Group, including credit risk, liquidity risk and cash flow risk.

The Corporate Responsibility section of the Strategic Report covers the Group's policies with respect to equality and diversity, employee communications, the environment and carbon reporting, taxation and charitable donations.

Details of how the directors have met their section 172 obligations are also included in the Strategic Report.

The going concern of the Group is covered within the Viability Statement section of the Strategic Report.

Financial KPIs include Turnover, Profit before tax and Operating profit, Non-Financial KPIs include employee turnover, customer satisfaction and carbon emissions. These are discussed in the Strategic Report.

Summary Performance and Dividends Declared

The group's activities during the year generated turnover of £2.3bn, a growth of 6% over the prior year. Profit before tax of £28.7m was a 10% improvement over the £26.0m reported for the prior year.

A dividend of £8.5m was declared and cash settled in the year. In the prior year dividends of £8.5m were declared. No dividends have been proposed after the year end.

Net assets of the Group have grown to £169m, 8% higher than the previous year.

Research and Development Expenditure

During the last year we invested £3.0m in research and development activity which is driven by the need to develop innovative solutions to meet our customers' needs. Last year's expenditure was in line with our annual investment levels which exceed £2m per year on average over the last five years.

Directors and Directors' Indemnities

The following directors have held office since 1 April 2019 and up to the date of signing:

Sir Peter Rigby, Ms P Rigby, Mr J Rigby, Mr S Rigby, Mr HW Campion, Mr P Whitfield.

The Group 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.

Branches

There are no branches operated by the Group.

Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year.

Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland". 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 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of 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 Group 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 Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approval of Reduced Disclosures

As a qualifying entity, the Group has taken advantage of the disclosure exemptions in FRS 102, paragraph 1.12, in respect of preparing related party, shared based payments and financial instrument disclosures.

Statement of Disclosure to the Auditor

Each of the directors at the date of the 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 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.

Auditor

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and SCC EMEA Group.

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

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

James Rigby
Chief Executive
15 July 2020

Independent Auditor's Report to the Members of SCC EMEA Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SCC EMEA Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statements of changes in equity;
- the cash flow statement; and
- the related notes 1 to 28

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Andrew Halls FCA
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP

Statutory Auditor
Birmingham
United Kingdom

15 July 2020

SCC EMEA Group

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

we transform.

Financial Statements for the year ended 31 March 2020

Consolidated Profit and Loss Account for the Year Ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	2,273,062	2,153,853
Cost of sales		(2,015,234)	(1,909,157)
Gross profit		257,828	244,696
Administrative expenses		(227,120)	(216,474)
Operating profit		30,708	28,222
Finance costs (net)	4	(2,001)	(2,216)
Profit before taxation	5	28,707	26,006
Tax on profit	8	(7,336)	(7,383)
Profit for the financial year		**21,371**	**18,623**
Profit for the financial year attributable to:			
Non-controlling interest		121	89
Equity shareholder of the Group		21,250	18,534
		21,371	**18,623**

The notes form part of these financial statements.

All profit for the financial year has been generated from continuing operations.

Consolidated Statement of Comprehensive Income for the Year Ended 31 March 2020

	2020 £'000	2019 £'000
Profit for the financial year	21,371	18,623
Currency translation differences on foreign currency net investments	1,127	(631)
Re-measurement of net defined benefit obligation (note 20)	(1,264)	(726)
	(137)	(1,357)
Tax relating to components of other comprehensive income (note 16)	330	174
Other comprehensive income/(expense)	**193**	**(1,183)**
Total comprehensive income	21,564	17,440
Attributable to:		
Non-controlling interest	135	83
Equity shareholder of the Group	21,429	17,357
	21,564	**17,440**

Consolidated Balance Sheet
as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	12	46,727	42,983
Tangible assets	13	81,335	79,784
		128,062	122,767
Current assets			
Stocks	15	37,723	30,989
Debtors			
- due within one year	16	443,286	467,199
- due after more than one year	16	13,562	11,061
Cash at bank and in hand		320,151	254,284
		814,722	763,533
Creditors: amounts falling due within one year	17	(731,056)	(691,724)
Net current assets		83,666	71,809
Total assets less current liabilities		211,728	194,576
Creditors: amounts falling due after more than one year	18	(24,315)	(23,554)
Provisions for liabilities	20	(18,291)	(14,803)
Net assets		169,122	156,219
Capital and reserves			
Called up share capital	22	6,178	6,178
Share premium account	22	149	149
Other reserves	22	3,117	3,117
Profit and loss account		159,298	146,369
Shareholders' funds		168,742	155,813
Non-controlling interests		380	406
Total capital employed		169,122	156,219

Approved by the board of directors, authorised for issue on 15 July 2020 and signed on its behalf by:

James Rigby
Chief Executive
Company Registration Number: 01428210
Registered in England and Wales

Company Balance Sheet
as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Investments	14	72,378	72,378
		72,378	72,378
Current assets			
Debtors - due within one year	16	45,998	47,764
Cash at bank and in hand		1,051	87
		47,049	47,851
Creditors: amounts falling due within one year	17	(27,623)	(31,398)
Net current assets		19,426	16,453
Total assets less current liabilities		91,804	88,831
Net assets		91,804	88,831
Capital and reserves			
Called up share capital	22	6,178	6,178
Profit and loss account		85,626	82,653
Shareholders' funds		91,804	88,831

Profit for the year of the parent company was £11,474,000 (2019: £9,224,000).

Approved by the board of directors, authorised for issue on 15 July 2020 and signed on its behalf by:

James Rigby
Chief Executive
Company Registration Number: 01428210
Registered in England and Wales

Consolidated Statement of Changes in Equity for the Year Ended 31 March 2020

	Called up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000	Non-controlling interest £'000	Total £'000
At 1 April 2018	6,178	149	3,117	137,512	146,956	323	147,279
Profit for the financial year	-	-	-	18,534	18,534	89	18,623
Currency translation differences on foreign currency net investments	-	-	-	(625)	(625)	(6)	(631)
Re-measurement of net defined benefit obligation	-	-	-	(726)	(726)	-	(726)
Tax relating to items of other comprehensive income (note 16)	-	-	-	174	174	-	174
Total comprehensive income	-	-	-	17,357	17,357	83	17,440
Dividends declared to equity shareholders (note 10)	-	-	-	(8,500)	(8,500)	-	(8,500)
At 31 March 2019	6,178	149	3,117	146,369	155,813	406	156,219
Profit for the financial year	-	-	-	21,250	21,250	121	21,371
Currency translation differences of foreign current net investments	-	-	-	1,113	1,113	14	1,127
Re-measurement of net defined benefit liability (note 20)	-	-	-	(1,264)	(1,264)	-	(1,264)
Tax relating to items of other comprehensive income (note 16)	-	-	-	330	330	-	330
Total comprehensive income	-	-	-	21,429	21,429	135	21,564
Dividends declared to equity shareholders (note 10)	-	-	-	(8,500)	(8,500)	-	(8,500)
Dividends declared to non-controlling interests (note 10)	-	-	-	-	-	(161)	(161)
At 31 March 2020	**6,178**	**149**	**3,117**	**159,298**	**168,742**	**380**	**169,122**

Company Statement of Changes in Equity for the Year Ended 31 March 2020

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2018	6,178	81,929	88,107
Profit for the financial year and total comprehensive income	-	9,224	9,224
Dividends paid/declared to entity shareholders (note 10)	-	(8,500)	(8,500)
At 31 March 2019	6,178	82,653	88,831
Profit for the financial year and total comprehensive income	-	11,474	11,474
Dividends paid/declared to entity shareholders (note 10)	-	(8,500)	(8,500)
At 31 March 2020	**6,178**	**85,626**	**91,804**

Consolidated Cash Flow Statement for the Year Ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Net cash flows from operating activities	23	102,496	94,788
Cash flows from investing activities			
Proceeds from sale of equipment		72	558
Purchase of software and equipment		(21,989)	(19,924)
Interest received		216	149
Acquisition of subsidiary (net of cash acquired)		-	(5,872)
Net cash flow used in investing activities		**(21,701)**	**(25,089)**
Cash flows from finance activity			
Dividends paid to equity shareholders		(8,500)	(8,500)
Dividends paid to non-controlling interests		(161)	-
Repayment of borrowings		(2,380)	(1,397)
Repayment of obligations under finance leases		(1,922)	(1,383)
Interest paid		(2,104)	(2,265)
Net cash flow used in financing activities		**(15,067)**	**(13,545)**
Net increase in cash and cash equivalents		**65,728**	**56,154**
Cash and cash equivalents at beginning of year		254,284	198,567
Net increase in cash and cash equivalents		65,728	56,154
Effects of foreign exchange rates		139	(437)
Cash and cash equivalents at end of year		**320,151**	**254,284**
Reconciliation of cash at bank and in hand			
Cash at bank and in hand at end of year		320,151	254,284
Cash and cash equivalents at end of year		**320,151**	**254,284**

1. Significant Accounting Policies

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

1.1 General information and basis of accounting

SCC EMEA Limited "the Company" is a private company limited by shares incorporated in United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office of the Company is provided in the Company Information section of this Annual Report. The nature of the operations of SCC EMEA Limited and subsidiary undertakings "the Group" and its principal activities are set out in the strategic report and directors' report.

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

The presentational currency of the Group is considered to be pound sterling because that is the currency of the primary economic environment in which the Group operates. The consolidated financial statements are also prepared in pounds sterling. Foreign operations are included in accordance with the policies set out below.

The Group meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of certain disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to preparing related party, shared based payments and financial instrument disclosures.

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company. The profit attributable to the Company is disclosed in the Company's balance sheet. The Company meets the definition of a qualifying entity under FRS 102 and has taken advantage of the exemption to prepare a company cash flow statement.

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of SCC EMEA Limited and its subsidiary undertakings drawn up to 31 March 2020. The SCC EMEA Limited consolidated financial statements represent the smallest group for which consolidated financial statements are prepared.

The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied to these financial statements in respect of business combinations effected prior to the date of transition.

1.3 Going concern

The Group's business activities, together with factors likely to affect its future developments, performance and position are set out within the strategic report and directors' report. The strategic report and directors' report describe the financial position of the Group; its financial risk management objectives and its exposure to credit risk and liquidity risk.

The Group has secured banking facilities in both the UK and Continental Europe used to meet its day to day working capital requirements. The current economic conditions create uncertainty particularly over the level of demand for the Group's products and services; the exchange rate between pound sterling and euro and the availability of bank finance in the foreseeable future.

As explained further in the Strategic Report, the Group's forecasts and projections take into account reasonable possible changes in trading performance and have also considered the potential impact of the COVID-19 pandemic on the performance of the Group.

The Group has put in place measures to mitigate the impact of COVID-19 by utilising relevant government schemes, reviewing working practises and overheads, and reviewing potential impacts on trading performance. The combination of these measures and the financial analysis concluded that the Group expects to be able to operate within the level of their 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 Group has adequate resources to continue in operational existence for a minimum 12 months after signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.4 Intangible assets - Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and 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. In the opinion of the directors, the normal expected useful life will not exceed ten years. Provision is made for any impairment.

1.5 Intangible assets – Software costs

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

1.6 Intangible assets – Other

Research and development

Research expenditure is written off as incurred. Software development expenditure is also written off as incurred except where the directors are satisfied as to the technical, commercial and financial viability of individual projects.

In such cases and provided they meet the criteria in accordance with Section 18 of the FRS 102, the identifiable expenditure is capitalised as an intangible asset. Amortisation is not provided on software development until the asset is complete and ready for its intended use.

Once development activity is complete and ready for its intended use expenditure is reclassified as software and will be amortised in line with the above policy.

Customer relationships, trademarks, patents
Customer relationships, trademarks, patents and licences are capitalised as intangible assets and amortised over the expected useful economic life on a straight line basis, as follows:

Customer relationships length of relationship up to 15 years

Trademarks, patents, licences useful life of 2 years

1.7 Tangible fixed assets

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

Freehold land and buildings
50 years

Leasehold land and buildings
up to 40 years

Fixtures and equipment
3 to 20 years

Motor vehicles
3 to 5 years

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

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

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

1.8 Investments

Fixed asset investments in the Company's balance sheet are shown at cost less any provision for impairment.

1.9
Impairment of assets

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

Non-financial assets

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

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

Financial assets

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

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

1.10
Stocks

Goods held for resale are stated at the lower of purchase cost and estimated selling price less cost to sell which is equivalent to the net realisable value. Cost comprises third party purchase cost net of attributable rebates and is calculated using the FIFO (first-in, first-out) method. No internal labour or overhead costs are included.

These stocks held are analysed by age and provision is made for obsolete and slow moving or defective items where appropriate taking into account customer orders and market conditions indicating recoverability rates.

Maintenance stocks are stated at purchase cost less a provision created to reflect age and the current levels of item usage within the business. Where items have not been used in the last three years then no value is attributed to these parts even though they may be retained for future use, whereupon, a value may be attributed to them based on the current replacement cost.

1.11
Employee benefits

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

Specialist Computer Centres plc is the registered employer for a section of the Railway Pension Scheme, a closed defined benefit scheme with no active members such that no contributions are payable by the employer or the members. Specialist Computer Centres plc is also the registered employer for a section of the Federated Pension Plan, a closed defined benefit scheme in which there are 4 active members.

In France our operations have obligations under local retirement indemnity provisions. Service costs arising during the period are charged to the profit and loss account. The net interest cost is charged to the profit and loss account and included within finance costs. Re-measurement comprising actuarial gains and losses arising from changes in assumptions are recognised immediately in other comprehensive income.

1.12
Share based payments

Certain companies within the Group have issued equity-settled and cash-settled share based payments to certain employees.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant.

The fair value determined at the grant date of the equity-settled share based payment is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by the use of a valuation model considered to be most appropriate by the management.

The cost of awards to employees that take the form of shares or rights to shares are recognised over the period to which the employee's performance relates.

The cost is calculated as the difference between the fair value of the shares at the date of grant (or book value of the shares if already held by the company) and the amount of the consideration that the employees may be required to pay for the shares.

The period over which the charge is recognised is the shorter of the performance period of the options (if performance related) or the period from the date the option is granted to the date that the employee becomes unconditionally entitled to the shares.

1.13
Cash and cash equivalents

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

1.14
Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at the transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset when and only when there is a legally enforceable right of offset.

Financial assets are derecognised when and only when the contractual rights to the cash flows from the asset expire or are settled, or the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or the company, despite having retained some significant risks and rewards of ownership has transferred control of the asset to another party which has the practical ability to sell the asset to an unrelated third party unilaterally and without imposing further restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1.15
Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the taxable profits of the Group and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments for periods that are different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. When the amount that can be deducted for tax as an asset (other than goodwill) that is recognised in a business combination is less/(more) than the value at which it is recognised, a deferred tax liability/(asset) is recognised for the additional tax that will be paid/(avoided) in respect of that difference.

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

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

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

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

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

1.16
Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results and cash flows of operations whose functional currency is not pound sterling are translated at the average rates of exchange during the year and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and on foreign currency borrowing to the extent that they hedge the group's investment in such operations, are reported in other comprehensive income (attributed to non-controlling interests as appropriate).

Other exchange differences are recognised in the profit and loss in the period in which they arise except for:

- Exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income; and
- In the case of the consolidated financial statements, exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reported under equity.

1.17
Lease accounting

Assets held under finance leases, hire purchase contracts and other similar arrangements which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease), and are depreciated over the shorter of the lease terms and their useful lives. The capital element 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.

Benefits received or receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the life of the lease.

1.18
Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

1.19
Investment income

Dividends shall be recognised when the shareholder's right to receive payment is established.

1.20
Rebates and marketing income

Vendor rebates, allowances and marketing income are recorded as a reduction to the 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 period of the agreement.

1.21
Government grants

Government grants are recognised on the accruals basis and measured at the fair value of the asset received or receivable. Grants are classified as relating to either revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned.

1.22
Contractual obligations under preferred vendor schemes

Where the Group enters into preferred supplier arrangements which include activity related obligations, the group tracks in detail such obligations and monitors achievement closely with the respective supplier. Provisions are made where additional obligations are payable or receivable under such schemes at the full value as determined by the contract unless alternative arrangements are put in place.

1.23
Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

1.24
Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes. Revenue is recognised when persuasive evidence of an arrangement with a customer exists, delivery has occurred or all significant performance obligations have been completed, the price is fixed or determinable and the collection of the amount due is reasonably assured. Income from service contracts is recognised on a straight-line basis over the period of the contract, or on a percentage completion basis based on contract deliverables and milestones as appropriate.

Rebates due to customers are accrued for in accordance with relevant contracts. Rebates reduce turnover and are held as other creditors until settlement is made.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

2.1 Critical judgements in applying the Group's accounting policies

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

2.2 Key sources of estimation of uncertainty

The key assumptions concerning the future, and other sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing material adjustment to the carrying value of the assets and liabilities within the next financial year, are discussed below.

Intangible development costs

Internal and external software development costs in respect of our continued system development programme are capitalised in accordance with FRS102 and are transferred to Software costs when assets are put into economic use and amortised over their useful economic life.

During the year a further £7.1m (2019 £9.5m) has been capitalised.

The system development programme is continuing in line with the project plan and budgets and as such the directors consider that there is no impairment in respect of these development costs.

Net defined benefit obligations

Provisions for retirement obligations under defined benefit arrangements in the Group of £14.2m (2019: £13.1m) are calculated by reference to key actuarial assumptions concerning the workforce. These assumptions include staff turnover rates and employee retirement dates, see note 21.

Staff turnover rates for employees over 60 years old is considered to be a sensitive assumption. The assumption used to calculate the provision is 3.5%. If this assumption was changed to 0% this would create an increased provision of £2.2m.

3. Turnover

	2020 £'000	2019 £'000
By geographical destination		
United Kingdom	716,880	715,373
Continental Europe	1,552,593	1,430,866
Rest of World	3,589	7,614
	2,273,062	2,153,853
By geographical origin		
United Kingdom	723,390	721,378
Continental Europe	1,549,672	1,432,475
	2,273,062	2,153,853
By category		
Sale of goods	1,897,548	1,814,884
Rendering of services	373,575	337,661
Government grants	1,939	1,308
	2,273,062	2,153,853

The Group has the following primary sources of grant income:

In Romania, grants have been made in respect of job roles created and investment made in our global delivery centre. The grant income is recognised in the profit and loss account in accordance with the underlying costs incurred. It is a condition of the grant that the roles created are maintained for a period of five years from the date of the grant which extends to 2021 and that an appropriate level of taxes are paid within the period.

In France, our Altimance business has grant income in respect of job roles created in our regional delivery centre. The grant income is recognised in the profit and loss account in accordance with the underlying recruitment and employment costs incurred. It is a condition of this grant that the roles created are maintained for a period of five years extending to 2023 and that appropriate contributions are made to the fiscal budget through employment tax payments. In addition grant income has been recognised for French employees working reduced hours under the Chomage Partial scheme owing to COVID-19.

In the UK, the grant received represents amounts received in respect of our data centre operations and is being released to the profit and loss account over the useful economic life of those assets. There are no further conditions which need to be satisfied in respect of the grant received.

4. Finance Costs (NET)

	2020 £'000	2019 £'000
Interest payable and similar charges	2,064	2,165
Investment income	(208)	(152)
Other finance costs	145	203
	2,001	**2,216**

	2020 £'000	2019 £'000
Interest payable and similar charges		
Interest on bank loans and overdrafts	126	162
Finance leases and hire purchase contracts	452	492
Interest on invoice financing facilities	1,391	1,447
Other interest payable	95	64
	2,064	**2,165**

	2020 £'000	2019 £'000
Investment income		
Other interest receivable and similar income	**208**	**152**

	2020 £'000	2019 £'000
Other finance costs		
Unwinding of discount on long term debtors/creditors	(8)	34
Fair value adjustment on derivative instruments	-	3
Net interest on defined benefit obligation (see note 21)	153	166
	145	**203**

5. Profit Before Taxation

Profit before taxation is stated after charging/(crediting):

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets	12,015	12,058
Amortisation of intangible assets	2,332	2,606
Amortisation of goodwill	4,238	3,753
Research expenditure	1,810	2,409
Government grant income	(1,939)	(1,308)
Operating lease rentals	19,243	17,250
Foreign exchange losses/(gains)	19	(465)
Other operating income	(511)	(537)
Loss/(gain) on disposal of fixed assets	138	(74)
Cost of stock recognised as an expense	1,675,634	1,590,608
Impairment of stock recognised as an expense	441	-
Reversal of impairment of stock	-	(227)

Amortisation of goodwill, impairments and reversal of impairment of fixed assets and intangible assets are included within administrative expenses.

Reversal of impairment of stock is booked to cost of sales. The reversal of impairment was made following the annual reassessment at year end of stock selling price less costs to complete.

The analysis of auditor's remuneration is as follows:

	2020 £'000	2019 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	14	11
Fees payable to the Company's auditor and their associates for the audit of the Company's subsidiaries pursuant to legislation	588	571
Total audit fees	**602**	**582**
Tax compliance services	15	8
Other advisory services	42	27
Total non-audit fees	**57**	**35**

No services were provided pursuant to contingent fee arrangements.

6. Staff Costs

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

	Group		Company	
	2020	2019	2020	2019
Sales	1,085	1,102	-	-
Administration	1,746	1,783	8	8
Engineering	2,869	2,595	-	-
Warehouse	294	296	-	-
	5,994	**5,776**	**8**	**8**

Their aggregate remuneration comprised:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Wages and salaries	219,239	209,987	686	742
Social security costs	54,770	53,173	76	74
Pension costs	3,396	2,976	29	31
	277,405	**266,136**	**791**	**847**

The above remuneration excludes redundancy payments for the Group of £1,690,552 (2019: £2,240,543). There was nil redundancy cost in the Company (2019: Nil).

Pension costs relate to contributions into defined contribution schemes for the Company and Group, and for the Group also include the service cost in respect of defined benefit schemes.

7. Directors' Remuneration and Transactions

Remuneration

The remuneration of the directors was as follows:

	2020 £'000	2019 £'000
Emoluments	219	211
Company contributions to money purchase schemes	12	14
	231	**225**

Pensions

The number of directors for whom retirement benefits are accruing under a defined contribution scheme is one (2019: one).

Remuneration of highest paid director

	2020 £'000	2019 £'000
Emoluments	219	211
Company contributions to money purchase schemes	12	14
	231	**225**

The highest paid director has no share options.

The directors Sir Peter Rigby, Ms PA Rigby, Mr JP Rigby, Mr SP Rigby and Mr HW Campion are paid by Rigby Group (RG) plc, the ultimate parent company, and as such their total emoluments are disclosed in the financial statements of Rigby Group (RG) plc, but it is not practicable to determine the proportions of such emoluments which are attributable to the directors' services to the Company.

Total remuneration for these directors for the year was £466,000 (2019:£615,000). None of these directors are accruing pension benefits.

8. Tax on Profit

	2020 £'000	2019 £'000
Current tax		
UK Corporation tax	3,155	3,330
Foreign tax	5,292	3,714
	8,447	7,044
Adjustments in respect of prior years		
UK Corporation tax	(393)	(111)
Foreign tax	(17)	32
Total current tax	**8,037**	**6,965**
Deferred tax		
Origination and reversal of timing differences	(763)	229
Adjustments in respect of prior years	54	187
Effect of changes in tax rates	8	2
Total deferred tax (note 16)	(701)	418
Total tax on profit	**7,336**	**7,383**

The standard rate of Corporation Tax in the UK is 19% with effect from 1 April 2017. The Finance Act 2016 includes a reduction in the standard rate of Corporation Tax from 19% to 17% from 1 April 2020. However, on 11 March 2020 in the UK Budget it was further announced that the cut in the tax rate to 17% will now not occur and the tax rate will instead remain at 19%. This rate change was substantively enacted on 17 March 2020 via the Provisional Collection of Taxes Act 1968. As this change had been substantively enacted at the Balance Sheet date it is reflected in these financial statements.

Deferred tax assets and liabilities of the foreign entities have been measured utilising the corresponding foreign standard rates of corporation tax substantively enacted at the balance sheet date.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2020 £'000	2019 £'000
Factors affecting the tax charge for the year		
Profit before tax	28,707	26,006
Tax on group profit at standard UK Corporation tax rate of 19% (2019: 19%)	5,454	4,941
Effects of:		
Expenses not deductible for tax purposes	1,363	1,501
Income not taxable for tax purposes	(31)	(532)
Overseas tax relief	(178)	(163)
Transfer pricing adjustments	260	255
Utilisation or recognition of previously unrecognised losses	(1,019)	(69)
Other deferred tax asset not recognised	36	-
Effect of overseas tax rates	1,664	1,249
Other overseas taxes	135	91
Adjustment in respect of prior years	(356)	108
Effect of tax rate changes	8	2
Group total tax charge for year	**7,336**	**7,383**

9. Profit Attributable to SCC EMEA Limited

The profit before dividends received or paid for the financial year within the financial statements of SCC EMEA Limited was a profit of £559,000 (2019: loss - £618,000).

Dividends received from subsidiaries during the year were £10,915,000 (2019: £9,842,000) and dividends paid were £8,500,000 (2019: £8,500,000). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the Company.

10. Dividends

Amounts recognised as distributions to equity holders in the period:

	2020 £'000	2019 £'000
Dividends to equity holders		
Dividend of 6.88p per share (2019: 6.88p per share)	8,500	8,500

	2020 £'000	2019 £'000
Dividends to non-controlling interest		
Dividend of 1.09p per share (2019: 0p per share)	161	-

All dividends were approved by the shareholders during the year and settled in cash.

11. Employee Share Scheme

In 2018 Specialist Computer Centres plc issued 132,000 'A' ordinary shares under a long term incentive plan to two directors of Specialist Computer Centres plc.

On 24 February 2020 one director exercised their put option selling their 60,000 shares to SCC UK Holdings Limited. The remaining 72,000 shares issued under the long term incentive plan continue to be held by a director.

SCC EMEA Limited and Subsidiary Undertakings 2020

12. Intangible Fixed Assets

	Goodwill £'000	Software costs £'000	Development costs £'000	Total £'000
Cost				
At 1 April 2019	60,416	24,453	12,992	97,861
Acquisitions	835	-	-	835
Additions	-	2,198	7,182	9,380
Reclassifications	-	141	(141)	-
Disposals	-	(2,881)	(148)	(3,029)
Exchange differences	974	189	(3)	1,160
At 31 March 2020	**62,225**	**24,100**	**19,882**	**106,207**
Amortisation				
At 1 April 2019	39,033	15,845	-	54,878
Charge for the year	4,238	2,332	-	6,570
Disposals	-	(2,881)	-	(2,881)
Exchange differences	801	112	-	913
At 31 March 2020	**44,072**	**15,408**	**-**	**59,480**
Net Book Value				
At 31 March 2020	**18,153**	**8,692**	**19,882**	**46,727**
At 31 March 2019	**21,383**	**8,608**	**12,992**	**42,983**

Amortisation charged on goodwill, software costs, customer relationships, trademarks, patents & licenses are included within administrative expenses in the profit and loss account.

Development costs have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss.

On 31 March 2020, a reassessment was made of the deferred contingent consideration to acquire the remaining 20% of SCC AVS Limited under a put or call option exercisable in 2022. As a result SCC EMEA Group has increased the deferred contingent consideration to be paid by £835,000.

There are no intangible fixed assets in the Company.

13. Tangible Fixed Assets

	Land and Buildings					
	Freehold £'000	Leasehold £'000	Fixtures and equipment £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost						
At 1 April 2019	15,457	49,399	95,445	2,740	2,409	165,450
Additions	-	1,454	7,364	487	4,182	13,487
Reclassifications	-	320	750	-	(1,070)	-
Disposals	-	(1,038)	(4,461)	(432)	-	(5,931)
Exchange differences	2	822	283	2	(11)	1,098
At 31 March 2020	**15,459**	**50,957**	**99,381**	**2,797**	**5,510**	**174,104**
Depreciation						
At 1 April 2019	5,679	23,067	54,915	2,005	-	85,666
Charge for the year	262	1,873	9,611	269	-	12,015
Disposals	-	(912)	(4,108)	(426)	-	(5,446)
Exchange differences	-	413	120	1	-	534
At 31 March 2020	**5,941**	**24,441**	**60,538**	**1,849**	**-**	**92,769**
Net Book Value						
At 31 March 2020	**9,518**	**26,516**	**38,843**	**948**	**5,510**	**81,335**
At 31 March 2019	**9,778**	**26,332**	**40,530**	**735**	**2,409**	**79,784**

Included above are assets held under finance lease and hire purchase contracts which are held as securities against finance lease liabilities and their carrying values are as follows:

	Land and Buildings					
		Leasehold £'000	Fixtures and equipment £'000	Motor vehicles £'000		Total £'000
Net Book Value						
At 31 March 2020	-	10,332	550	862	-	11,744
At 31 March 2019	-	10,438	1,003	670	-	12,111

Leasehold land and buildings relates to a lease which expires in July 2022.

There are no tangible fixed assets in the Company.

14. Investments

	Shares in subsidiary undertakings £'000
Cost and net book value	
As at 1 April 2019 and as at 31 March 2020	72,378

SCC EMEA Limited directly and indirectly holds investments in the following subsidiaries.

Group subsidiary undertakings	Country of incorporation	Nature of holding	Percentage holding	Principal activity
SCC UK Holdings Limited	England and Wales	Direct	100%	Holding company
SCC Overseas Holdings Limited	England and Wales	Direct	100%	Holding company
Specialist Computer Centres plc	England and Wales	Indirect	100%	Systems integration
Specialist Computer Services Limited	England and Wales	Indirect	100%	Bureau services
SCC Data Centre Services Limited	England and Wales	Indirect	100%	Dormant
SCC Capital Limited	England and Wales	Indirect	100%	Dormant
SCC (UK) Limited	England and Wales	Indirect	100%	Dormant
SCC AVS Limited	England and Wales	Indirect	80%	Audio visual services
M2 Digital Limited	England and Wales	Indirect	100%	Dormant
M2 Managed Document Services Ltd	England and Wales	Indirect	100%	Dormant
M2 Smile Limited	England and Wales	Indirect	100%	Dormant
Rigby Capital SAS	France	Indirect	100%	Systems integration
Rigby Group SAS	France	Indirect	100%	Holding company
SCC France SAS	France	Indirect	100%	Systems integration
Large Network Administration SAS	France	Indirect	100%	Systems integration
Flowline Technologies SAS	France	Indirect	100%	Systems integration
Altimance SAS	France	Indirect	100%	Systems integration
Recyclea SAS	France	Indirect	55%	IT recycling
Specialist Computer Centres SL	Spain	Indirect	100%	Systems integration
Specialist Computer Services SL	Spain	Indirect	100%	Systems integration
S.C. SCC Services Romania S.R.L	Romania	Indirect	100%	Systems integration
SCD SA, Morocco	Morocco	Indirect	100%	Dormant
Specialist Computer Centres Company Limited	Vietnam	Indirect	100%	Systems integration

See page 93 for the registered addresses of all subsidiaries of SCC EMEA Limited.

15. Stocks

	Group 2020 £'000	Group 2019 £'000
Goods held for resale	29,172	23,117
Print consumables	6,271	5,746
Maintenance stock	2,280	2,126
	37,723	30,989

There is no material difference between the carrying value of stocks and their replacement cost. The Company has no stock holding at either year end.

16. Debtors

Amounts falling due within one year:

	Group 2020 £'000	Group 2019 £'000	Company 2020 £'000	Company 2019 £'000
Trade debtors	185,396	240,791	-	-
Amounts owed by Group undertakings	48,553	50,465	45,662	47,598
Amounts owed by associated companies	48	115	-	-
Other debtors	76,976	54,446	-	-
VAT	1,132	361	5	8
Group relief debtor	-	-	61	32
Corporation tax	312	3,326	-	-
Prepayments and accrued income	130,078	117,150	270	100
Deferred taxation	791	545	-	26
	443,286	467,199	45,998	47,764

All amounts owed by Group undertakings arise from normal trading activities, are unsecured, not subject to interest and are repayable on demand.
Trade debtors include receivables which act as security for confidential invoice discounting facilities.

Amounts falling due after more than one year:

	Group 2020 £'000	Group 2019 £'000
Trade debtors	9,684	8,576
Other debtors	43	102
Deferred taxation	3,835	2,383
	13,562	11,061

The Company had no debtors falling due after more than one year (2019: nil).

16. Debtors (Continued)

Deferred Taxation

The Group's net deferred taxation asset comprises:

	2020 £'000	2019 £'000
Deferred taxation asset		
- recoverable within one year	791	545
- recoverable after more than one year	3,835	2,383
Deferred taxation liability		
- payable within one year	-	67
- payable after more than one year	(2,197)	(1,674)
	2,429	1,321

	Group £'000	Company £'000
At 1 April 2019	1,321	26
Credit/(charge) to profit and loss account (See note 8)	701	(26)
Amount credited to other comprehensive income	330	-
Exchange differences	77	-
At 31 March 2020	2,429	-

The deferred taxation asset is made up as follows:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Depreciation on revaluation of non-qualifying assets	(809)	(834)	-	-
Depreciation in excess of capital allowances	(2,279)	(1,588)	-	-
Deferred tax arising in relation to retirement benefits	3,514	2,881	-	-
Tax losses available	1,142	264	-	-
Other timing differences	861	598	-	26
	2,429	1,321	-	26

The deferred taxation asset not provided is made up as follows:

	2020 £'000	2019 £'000
Group		
Tax losses available	4,019	5,058

A deferred taxation asset amounting to £4,019,000 (2019: £4,803,000) in respect of non-expiring overseas trading losses has not been recognised due to limited opportunities to relieve future expected profits under local tax legislation. All deferred tax losses have been recognised in respect of UK losses (2019: £255,000 unrecognised). We have fully recognised deferred taxation assets in respect of retirement benefit provisions in the group (2019: fully recognised).

There are no unrecognised deferred taxes on the company at 31 March 2020 (2019: None)

17. Creditors: Amounts falling due within year one

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Obligations under finance leases and HP contracts (note 19)	1,620	1,550	-	-
Bank loans and overdrafts (note 19)	1,265	1,457	-	-
Confidential invoice discounting facility (note 19)	-	1,157	-	-
Trade creditors	588,589	550,546	59	46
Corporation tax	1,481	646	118	-
Group relief creditor	536	52	159	-
Amounts owed to Group undertakings	420	60	27,229	31,000
Other taxation and social security	23,676	30,828	-	-
Other creditors	39,090	37,918	-	217
Government grants	103	103	-	-
Accruals	29,789	25,629	58	135
Deferred income	44,487	41,778	-	-
	731,056	691,724	27,623	31,398

All amounts owed to Group undertakings arise from normal trading activities, are unsecured, not subject to interest and are repayable on demand.

There are no securities over creditors except for those disclosed in note 19.

18. Creditors: Amounts falling due after more than one year

	Group	
	2020 £'000	2019 £'000
Obligations under finance leases and HP contracts (note 19)	6,063	7,156
Bank loans and overdrafts (note 19)	961	1,918
Accruals and deferred income	11,542	6,678
Government grants	355	458
Trade creditors	5,394	7,344
	24,315	23,554

19. Borrowings

	Group 2020 £'000	2019 £'000
Bank loans and overdrafts	2,226	3,375
Confidential invoice discounting facility	-	1,157
Obligations under finance leases and HP contracts	7,683	8,706
	9,909	13,238

Borrowings are repayable as follows:

	Group 2020 £'000	2019 £'000
On demand or within one year	2,885	4,164
Between one and two years	6,947	2,739
Between two and five years	77	6,335
	9,909	13,238

Finance Leases

	Group 2020 £'000	2019 £'000
Due within one year	1,620	1,550
In more than one year but no more than two years	5,986	1,503
In more than two years but no more than five years	77	5,653
	6,063	7,156

In the UK, the Company has a rolling facility with HSBC Invoice Finance (UK) Limited providing a combination of recourse and non-recourse financing. The facility is reviewed on an annual basis and has been maintained at £75m for this year. This facility provides capacity for Specialist Computer Centres plc to be adequately financed to meet peak borrowing requirements which fluctuate during the year in line with the normal variability of transaction activity. During the year a £1.2m recourse invoice discounting facility with RBS was repaid in full.

In France, the recourse and non-recourse invoice discounting facility with HSBC Factoring (France) provides capacity for SCC France SAS to be able to meet its peak borrowing requirements. This is a rolling facility subject to an annual review cycle, and has been maintained at €130m for this year. Additional unsecured overdraft facilities of €35.3 million exist in the French subsidiaries, which are subject to rates of between 0.5% and 0.9% over Euribor. SCC France SAS has an outstanding loan of €3.9m with Société Générale, which is subject to interest at 1.4% p.a. and is repayable in quarterly equal instalments up to October 2021.

The obligations under finance leases and hire purchase contracts in the UK are secured over motor vehicles and print equipment. In France, an obligation under finance lease is secured over land and buildings. The lease is subject to interest at 4.85% p.a. and has a total term of 15 years, expiring in August 2022.

There are no borrowings in the Company at either year end.

20. Provisions for Liabilities

	Deferred contingent consideration £'000	Retirement provisions £'000	Deferred tax £'000	Property £'000	Total £'000
At 1 April 2019	1,080	12,012	1,607	104	14,803
Charged to the profit and loss account	-	992	590	(5)	1,577
Charged to other comprehensive income	-	1,264	-	-	1,264
Charged to goodwill (note 12)	835	-	-	-	835
Utilisation of provision	-	(440)	-	(99)	(539)
Exchange difference	-	351	-	-	351
At 31 March 2020	1,915	14,179	2,197	-	18,291

The retirement provisions relates to a statutory obligation in certain French subsidiaries, and two closed defined pension obligation schemes in the UK, see note 21.

Property provisions related to dilapidation provisions for properties which were vacated and settled in the current financial year.

The deferred contingent consideration has arisen on the acquisition of SCC AVS Limited and is based on the future performance of the company in the years ending 31 March 2020 and 31 March 2022.

On 31 March 2020, a reassessment was made of the deferred contingent consideration to acquire the remaining 20% of SCC AVS Limited under a put or call option in 2022. As a result the Group has increased the deferred contingent consideration to be paid by £835,000.

21. Employee Benefits

Defined Benefit Schemes

Specialist Computer Centres Plc is the employer under two defined benefit pensions schemes described below.

(i) the Specialist Computer Centres Section of the Railway Pension Scheme, a shared cost final salary pension scheme which is closed to new members. The scheme has no remaining active members and as such there will be no future contributions made to the scheme made by the members or the employer. A formal actuarial valuation was undertaken as at 31 December 2019, the next valuation being due as at 31 December 2022.

(ii) the Specialist Computer Centres Section of the Federated Pension Plan, a shared final salary pension scheme which is closed to new members. The scheme has 4 active members (2019: 5 members) and the best estimate of the contributions payable by the Company for the next financial year is £52,000. A formal actuarial valuation was undertaken at 5 April 2019, the next valuation being due as at 5 April 2022.

For the purposes of these financial statements and in order to account for both schemes under the provisions of Section 28 of Financial Reporting Standard 102 (FRS 102), the Company has engaged external actuaries to undertake FRS 102 valuations of both schemes as at 31 March 2020.

Key assumptions used in the assessment of the liability at the balance sheet date are as follows:

	2020 %	2019 %
Inflation	2.5	3.2
Future pension increases	1.8	2.2
Discount rate	2.2	2.4

Mortality assumptions

The assumed average additional life expectancy of life in years for male and female members aged 65 years now and 65 in 20 years' time is as follows:

	2020	2019
Male currently aged 65	21.5	21.4
Male currently aged 45	23.1	23.0
Female currently aged 65	24.1	23.8
Female currently aged 45	25.7	25.5

Amounts recognised in the statement of comprehensive income in respect of these obligations are as follows:

	2020 £'000	2019 £'000
Current service cost	37	42
Net interest cost	11	11
Expenses	13	39
Total amount charged in profit and loss account	61	92
Actuarial (gains)/losses	(116)	36
Total (credit)/charge relating to defined benefit obligation	(55)	128

21. Employee Benefits (Continued)

Amount included in balance sheet arising from the Group's obligations

	2020 £'000	2019 £'000
Present value of defined benefit obligations	3,932	4,072
Fair value of scheme assets	(3,551)	(3,584)
Net liability recognised in the balance sheet	381	488

Movements in the defined benefit obligations were as follows:

	£'000
At 1 April 2019	4,072
Current service cost	37
Interest cost	95
Expenses	13
Contributions	3
Actuarial gains	(209)
Actual benefit payments	(79)
At 31 March 2020	3,932

Movements in the fair value of scheme assets were as follows:

	£'000
At 1 April 2019	3,584
Interest income on assets	84
Loss on plan assets	(84)
Contributions	55
Actual benefit payments	(79)
Administration costs	(9)
At 31 March 2020	3,551

The analysis of the scheme assets at the balance sheet date was as follows:

	2020 £'000	2019 £'000
Growth assets	2,862	2,957
Government bonds	446	482
Non-government bonds	224	139
Cash	19	6
Total asset value	3,551	3,584

21. Employee Benefits (Continued)

Retirement Indemnity Provisions

Certain French subsidiaries have a legal obligation to pay a lump sum benefit to employees on retirement. The lump sum entitlement is dependent upon the length of service and final salary at retirement age.

Key assumptions used in the assessment of the liability at the balance sheet date are as follows:

	2020 %	2019 %
Group		
Wage inflation	1.2	1.2
Discount rate	1.3	1.3
Staff turnover rates:		
< 34 years	18.0	18.0
35 - 44 years	9.5	9.5
45 - 54 years	6.5	6.5
> 55 years	3.5	3.5

Amounts recognised in the statement of comprehensive income in respect of these obligations are as follows:

	2020 £'000	2019 £'000
Current service cost	789	730
Net interest cost	142	155
Total amount charged in profit and loss account	931	885
Recognised in other comprehensive income	1,380	690
Total cost relating to retirement indemnity provision	2,311	1,575

The average duration of the benefit obligation is 9.3 years (2019: 9.3 years).

Movements in the present value of defined benefit obligations were as follows:

	£'000
At 1 April 2019	11,524
Service cost	789
Interest cost	142
Actuarial losses	1,380
Benefits paid	(388)
Exchange differences	351
At 31 March 2020	13,798

22. Called-up Share Capital and Reserves

	2020 £'000	2019 £'000
Allotted, called-up and fully-paid		
123,561,907 Ordinary shares of 5p each	6,178	6,178

Ordinary shareholders have full rights to receive dividends and capital distributions and each share confers upon the holder one vote. Ordinary shares are not redeemable. The Group's reserves comprise the following:

- Profit and loss reserve which comprises the accumulated profits and losses of the Group net of any dividends paid.
- Share premium account which represents the premium paid on the issue of share capital.
- Other reserves comprises £3,289,000 arising on the acquisition of Prime Properties Developments Limited in 2003, less £172,000 merger reserve adjustments which arose on the merger of SCC UK Holdings Limited and Specialist Computers International Limited during the year ended 31 March 2004.

23. Net Cash flows from Operating Activities

	2020 £'000	2019 £'000
Operating profit	30,708	28,222
Adjustment for:		
Depreciation of tangible fixed assets	12,015	12,058
Amortisation of intangible fixed assets	6,570	6,359
Loss/(profit) on sale of tangible fixed assets	138	(74)
Adjustment for pension funding	451	383
Operating cash flow before movement in working capital	49,882	46,948
(Increase) in stocks	(5,957)	(8,069)
Decrease/(increase) in debtors	31,527	(51,274)
Increase in creditors	30,340	112,263
	105,792	99,868
Income tax paid	(3,296)	(5,080)
Cash generated by operations	102,496	94,788

At 31 March 2020, the total cash and cash equivalents included cash amounting to £4,441,000 (2019: £4,652,000) that was held as a deposit for security over the recourse and non-recourse finance facility taken out in France.

24. Contingent Liabilities

There are cross guarantees on the overdrafts and bank facilities of certain UK companies owned directly or indirectly by SCC EMEA Limited. At 31 March 2020, the indebtedness of these UK group undertakings amounted to £64,872,905 (2019: £63,857,582).

25. Financial Commitments

Group	2020 £'000	2019 £'000
Capital commitments contracted but not provided for:		
- Property, non-finance leases	3,633	380

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2020		2019	
Group	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Within one year	3,424	2,784	3,934	3,211
Between two and five years	26,608	5,164	29,243	5,736
In over five years	16,871	19	19,906	-
	46,903	7,967	53,083	8,947

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

The Company had no financial commitments at either year end.

26. Related Party Transactions

Within the Group the following loan arrangements existed with certain directors.

During the year one director settled their £125,000 loan which was related to shares purchased under a long term incentive plan. A remaining loan to a director of £150,000 is an unsecured, non-interest bearing loan which will be repayable during the 9 months following the maturity of the long term incentive plan in March 2020.

27. Controlling Party

Ultimate parent undertaking

The Company is a subsidiary undertaking of Rigby Group (RG) plc, a company registered in England and Wales. Rigby Group (RG) plc, is the largest group of which the Company is a member that prepares consolidated financial statements including the results of the Company. Copies of the financial statements of Rigby Group (RG) plc are available from its registered office being Bridgeway House, Bridgeway, Stratford Upon Avon, Warwickshire, CV37 6YX.

The results of the Company, SCC EMEA Limited, registered in England and Wales, are consolidated into those of SCC EMEA Group, being the smallest group for which consolidated and financial statements are prepared and whose principal place of business is at James House, Warwick Road, Birmingham, B11 2LE, which is its registered office.

Ultimate controlling body

Sir Peter Rigby, a director of Rigby Group (RG) plc, controls the Company as a result of holding 68.28% of the issued ordinary share capital and 80% of the voting rights of Rigby Group (RG) plc, the ultimate parent undertaking.

28. Subsidiaries Exempt from Audit

The following UK subsidiaries will take advantage of the audit exemption set out within section 479A of the Companies Act 2006 for the year ended 31 March 2020. Unless otherwise stated, the undertakings listed below are 100% owned, either directly or indirectly, by SCC EMEA Ltd.

- M2 Digital Limited

In accordance with section 479C of the Companies Act 2006, the Company will guarantee the debts and liabilities of the above UK subsidiary undertakings. As at 31 March 2020 the total sum of these debts and liabilities is £nil.

Useful information.

Directors.	Sir Peter Rigby Ms PA Rigby Mr JP Rigby Mr SP Rigby Mr HW Campion Mr PN Whitfield
Registered Office.	James House Warwick Road Birmingham West Midlands B11 2LE United Kingdom
Auditor.	Deloitte LLP Statutory Auditor Four Brindleyplace Birmingham West Midlands B1 2HZ United Kingdom

Bankers.	HSBC UK Bank plc 120 Edmund Street Birmingham West Midlands B3 2QZ United Kingdom Societe Generale SA 33 Avenue de Wagram BP963-75829 Cedex 17 Paris, France Credit Industriel et Commercial SA 57 Rue de la Victoire 75452 Cedex 09 Paris, France HSBC Factoring France SA 103 Avenue des Champs-Élysées 75008 Paris, France
Lawyers.	Gowling WLG (UK) LLP 2 Snowhill Birmingham West Midlands B4 6WR United Kingdom
Company Number.	04279856

Entity	Registered Offices
Specialist Computer Centres plc Specialist Computer Services Limited SCC AVS Limited SCC UK Holdings Limited SCC Overseas Holdings Limited SCC (UK) Limited SCC Data Centre Services Limited	James House Warwick Road Birmingham West Midlands B11 2LE United Kingdom
M2 Managed Document Services Limited M2 Digital Limited M2 Smile Limited	Brightgate House, Cobra Court Brightgate Way Manchester, M32 0TB United Kingdom
Rigby Group SAS and SCC France SAS	96 Rue des Trois Fontanot, 92000, Nanterre, France
Rigby Capital SAS and Large Network Administration SAS	91 Rue Salvador Allende 92000, Nanterre, France

Entity	Registered Offices
Flow Line Technologies SAS	575-655 Batiment D, 575 Alle Des Parcs 69800, Saint Priest, France
Altimance SAS	258 Avenue Roland, Moreno, Helios-Batiment A, Parc des Rives Creatives, 59410, Anzin, France
Recyclea SAS	Rue Michel Faye, 03410 Domerat, France
Specialist Computer Centres SL and Specialist Computer Services SL	Avenida de los Encuartes, 19- 2oC, 28760 TRES CANTOS (Madrid), Spain
S.C SCC Romania S.R.L	Soseaua Pacurari no.138, Building IDEO, Postal code 700544, Iasi, Romania
Specialist Computer Centres Vietnam Company Limited	8th Floor, Maple Tree Business Centre, 1060 Nguyen Van Linh Boulevard, Tan Phong Ward, District 7, Ho Chi Minh City, Vietnam

SCC EMEA Limited and Subsidiary Undertakings 2020
SCC EMEA Limited and Subsidiary Undertakings 2020

James House, Warwick Road, Tyseley,
Birmingham B11 2LE United Kingdom

scc.com