Specialist Computer Centres plc

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

Simplify the Complex

annual report and financial statements for the year ended 31 March 2020.

CONTENTS

The directors present their Annual Report for the Year Ended 31 March 2020 for Specialist Computer Centres plc

2020 FINANCIAL HIGHLIGHTS

TURNOVER
£708m +5%
FY19 | **£681m**

OPERATING PROFIT
£18m +0.3%
FY19 | **£18m**

PROFIT BEFORE TAX
£17.3m -0.2%
FY19 | **£17.3m**

NET CASH
£165m +3%
FY19 | **£159m**

"Services Led Turnover Growth and Strong Operating Profit. Turnover of £708m and £18m Operating Profit"

2020 has been another excellent year's performance with growth in turnover and strong profitability. Overall turnover grew by 4% with Services growth of 19% leading the way. Our Data Centre operations grew by 17% and we delivered £18m of operating profit.

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. Despite this we delivered another year of excellent operating profit which at £18m was the same as last year.

Our product business continues to do well with a better mix of business pushing margin rates higher. Supply challenges in March affected volume at the end of the year reducing growth and resulting in a flat product performance year on year.

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 continue to invest and improve our own capabilities and have this year completed the integration of our Document Services and print operations and of our Audio Visual business SCC AVS into our UK operation. These changes will bring enhancements and flexibility to these solutions. Like many other companies we will review our future investment in the current climate and ensure it is closely managed.

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.

Looking to the Future

Looking forward to the coming year we will continue to adapt our business to the economic climate and 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

Specialist Computer Centres plc (SCC) enables people to do business by planning, supplying, integrating and managing IT for leading public and private sector businesses in the UK.

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.
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.

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

SCC is part of the Technology division of Rigby Group (RG) plc, a family owned and operated business, with interests in technology, aviation, airports, hotels, property development and financial services

Multi-award winning IT Services

Industry leading vendors

40+ years in business

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

PRIVATE SECTOR | PUBLIC SECTOR | SYSTEM INTEGRATORS

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.

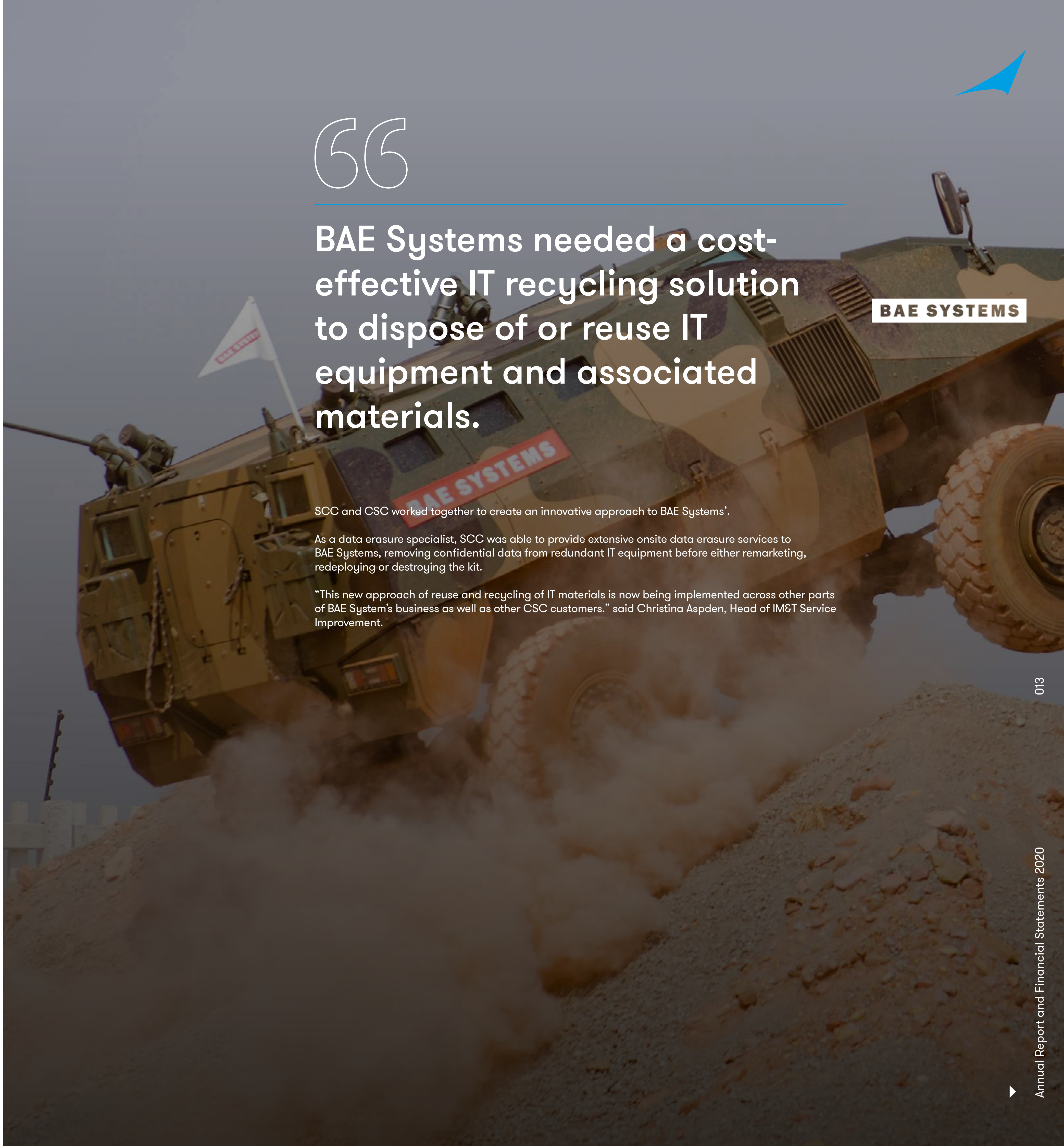
CUSTOMERS

“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.

In the public sector, we support health and emergency services as well as national and local government. In the private sector, our customers operate in a broad range of sectors including financial; logistics; utilities; communications; manufacturing; service and retail.



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

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
MISSILE SYSTEMS

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

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

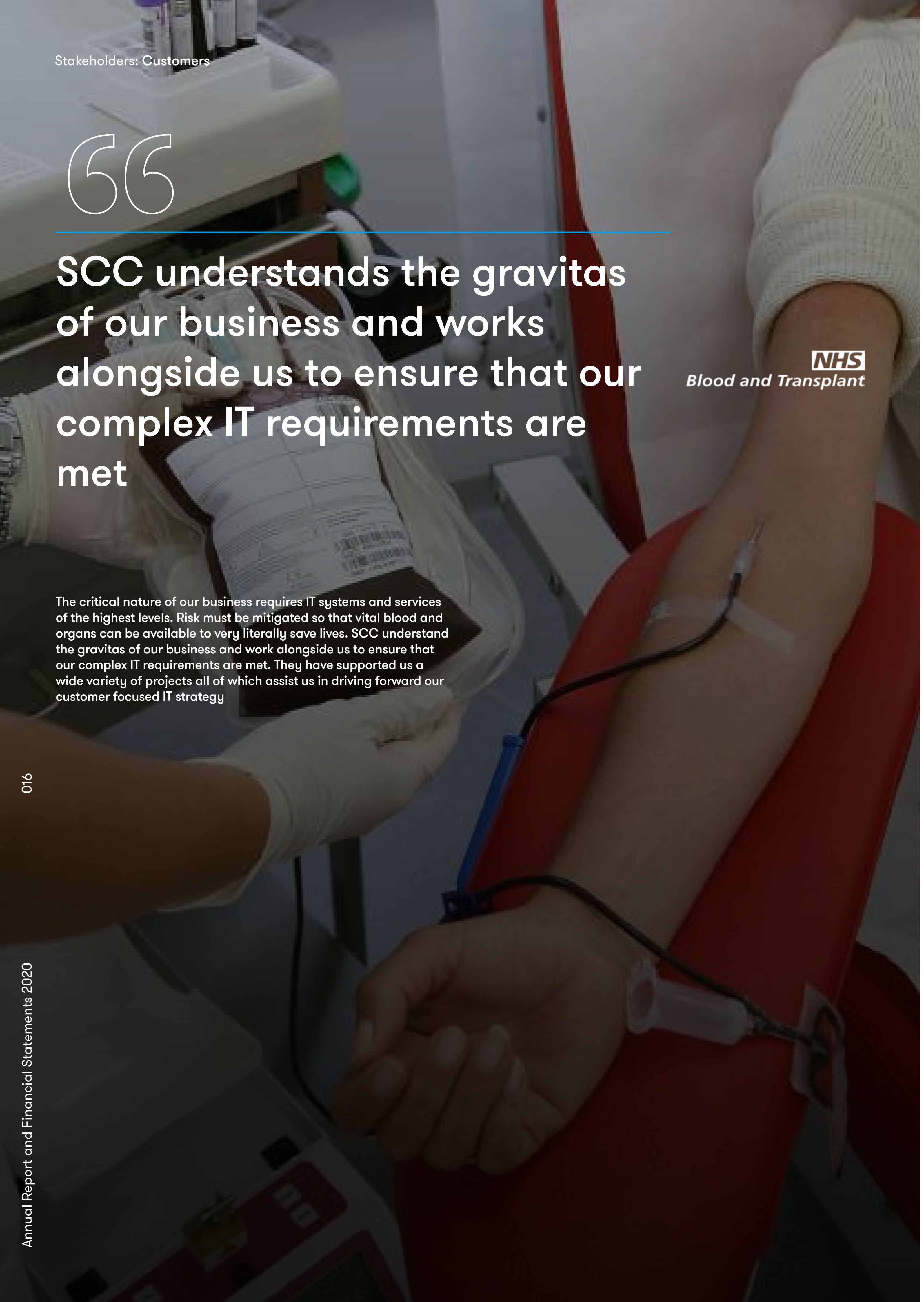
mitie

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



SCC understands the gravitas of our business and works alongside us to ensure that our complex IT requirements are met

NHS Blood and Transplant

The critical nature of our business requires IT systems and services of the highest levels. Risk must be mitigated so that vital blood and organs can be available to very literally save lives. SCC understand the gravitas of our business and work alongside us to ensure that our complex IT requirements are met. They have supported us a wide variety of projects all of which assist us in driving forward our customer focused IT strategy

SUPPLIERS

"Partnership is important to us"

Accreditations:

Partnerships have been established with many vendors of which HP, HPE, 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 is a Platinum Partner for Hewlett Packard Enterprise formed from a 30+ year relationship

'The relationship across the full breadth of our business bears testimony to the fantastic working SCC are doing to successfully take to market our solutions. I am consistently impressed with our combined capability and services led approach to deliver the right outcomes for our customers"

LEWIS SIMMONDS,
UK & I Channel Manager,
HPE

SCC has partnered with IBM for almost 40 years.

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 it's 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

SCC is part of the Technology Group of 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.

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.

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.

EBITDA Reconciliation

Whilst management focus on operating profit for the Company we also closely track our EBITDA to ensure we are aligned with the group's financial objectives. EBITDA has grown by 4.7% over the last financial year to £28.5m.

	2020 £'000	2019 £'000
Operating profit	18,085	18,027
Depreciation of tangible fixed assets	8,878	7,859
Amortisation of intangible assets	1,155	954
Amortisation of goodwill	390	390
EBITDA	28,508	27,230

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 UK 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.

As a UK Company we consider it is our responsibility to pay tax to the UK government in support of the wider UK community. The £14.3m distributed to communities is principally all UK Corporation and social taxes (2019: £13.2m).

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 UK taxes. We trade in the UK and pay all applicable UK taxes.

We are committed to maintaining an open and transparent relationship with HMRC which is based on regular communication, appropriate levels of disclosures and meetings to ensure HMRC are fully aware of key transactions.

Distributing Economic Value to Stakeholders

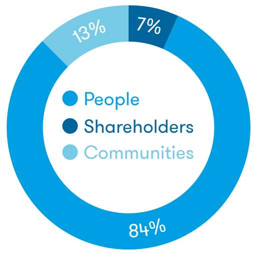
Economic value (Turnover) generated in the last year has grown by 4.1% to £708m. Of the value generated 80% is consumed by operating costs to suppliers and the remainder is distributed between shareholders, people and communities or retained for the future investment in the business.

£'000	Growth	FY20	FY19
Economic Value Generated	+4%	**708,298**	**680,513**
Shareholders	196%	7,400	2,500
People	+17%	94,059	80,398
Communities	8%	14,324	13,314
Operating Costs	1%	568,250	561,657
Value Retained	7%	**24,264**	**22,645**

Payment Policies

Prompt payment in accordance with the terms agreed with our suppliers is important to us and we endeavour to generate an efficient query management process to support this objective. For the last two six month periods for which our payment performance has been measured and reported we have achieved 45 and 52 average payment days and less than 9% queries leading to delayed payment. To achieve prompt payment to small suppliers we do not offer funding facilities which could reduce our payment terms but impose additional costs on our suppliers.

Residual Economic Value Distributed

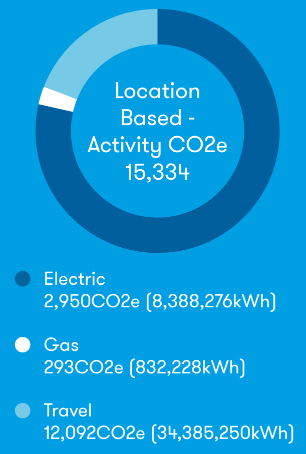


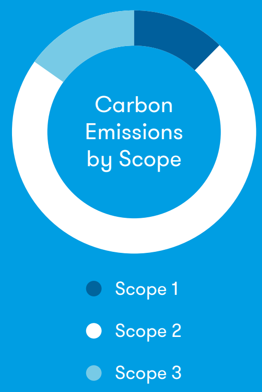
Environment

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.

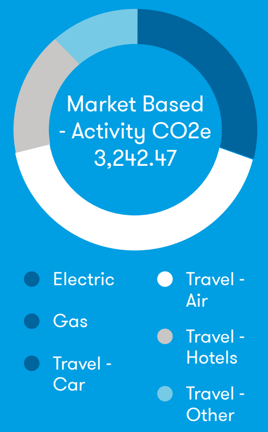
We recognise the importance of our environmental responsibilities in all markets in which we operate and seek to continually raise employee awareness of environmental issues in order to minimise the impact on the environment.

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

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 Company 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.

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 Company. 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

SCC 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 to protecting the long term financial independence of the Company for the benefit of other stakeholders. The directors consider that the levels set and paid in cash strike the right balance between these needs

Key Decision	Impacted Stakeholders	How they were considered
FY21 Financial Business Plan	Shareholders, Employees, Customers, Suppliers	• Sustainability of the business • Growth in key services • Return on investment • Long term investment plan
Redevelopment of Head Office	Employees, Customer, Shareholders and Community	• Employee consultation • Community engagement
Redevelopment of Head Office	Employees, Customers, Suppliers	• Selection and design of secure and resilient solution with a leading ERP provider • Automation to improve productivity, reduce manual intervention and maximise ease of integration with partners • Deliver efficiency improvements across all processes • Extendable cloud based solutions which can grow with technology and changing business needs in the long term
FY21 Financial Business Plan	Shareholders, Customers, Suppliers, Employees	• Dividend policy and Long Term Return • Working Capital requirements • Long Term Investment of cash back in the company

"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 accommodate 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
Health and Safety	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

Trend

- 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.

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

Trend

- 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.

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 board range of services and solutions will respond so we must continue to stay close to customers to ensure we meet their needs.

Commercial

Trend

- 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

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

- 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

- 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

Growth in operating profit whilst maintaining a good cash profile

Viability Statement

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

The directors have reviewed the long term strategy of the company 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 Company'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 company 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 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 company will not be reliant on the group to deliver these results. Current planning takes these expectations into account.

Viability

The Company 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 Company 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 a proven track record of being relevant and agile enough to cope with such uncertainties, such that the directors are confident that the Company can maintain performance in these circumstances.

Uncertainties arising from the impact of COVID-19 on the business have created additional uncertainty for the Company and for our customers. Since the year ended and as the country 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 Company making the necessary decision to protect the roles of a number of employees by placing them on the government backed furlough scheme. We have taken action to reduce costs where appropriate to ensure the health of the company 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. SCC was designated as a Key Business providing essential services to support key sectors including healthcare and we have operated throughout the lockdown period.

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 Company. 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 Company 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 HSBC UK Bank plc 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. 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 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 Company in the long term. The Rigby Group have reaffirmed their intent to provide financial support to the Company in the event that additional support were required although that is not foreseen in the current forecast.

Going Concern

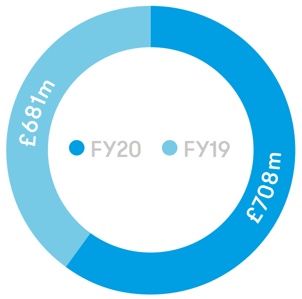
At 31 March 2020 the Company had net assets of £126.6m, as well as demonstrated growth in turnover, and gross profit. The directors believe the Company is well placed to manage its business risks successfully and the Company's projections show that the Company should continue to be cash generative and 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.

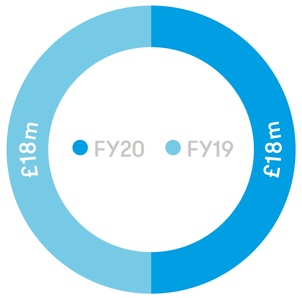
2020 FINANCIAL HIGHLIGHTS

TURNOVER	£708m 2019 £681m	+5%	OPERATING PROFIT	£18m 2019 £18m	+0.3%
SERVICES REVENUE	£221m 2019 £185m	+19%	GROSS PROFIT	£110m 2019 £98m	+12%
CASH FROM OPERATIONS	£23m 2019 £41m	-44%	NET CASH	£165m 2019 £159m	+2%
NET ASSETS	£126m 2019 £120m	+6%	CAPEX & ACQUISITIONS	£17m 2019 £23m	-26%

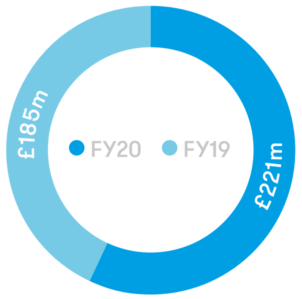
Total turnover



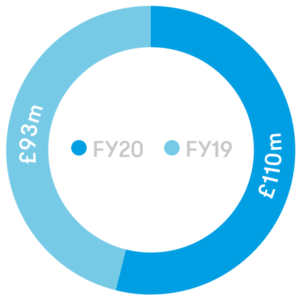
Operating Profit



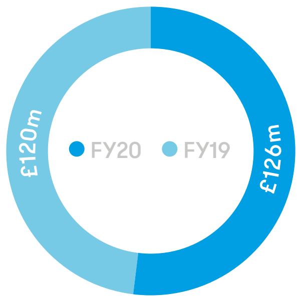
Services Turnover



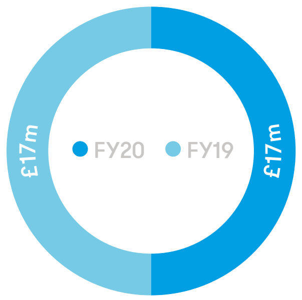
Gross Profit



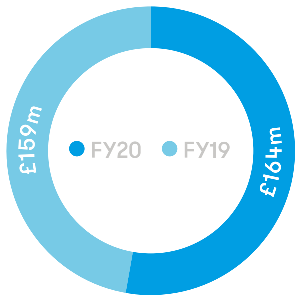
Net Assets



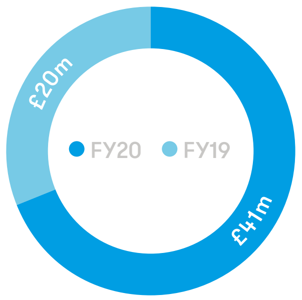
Profit before tax

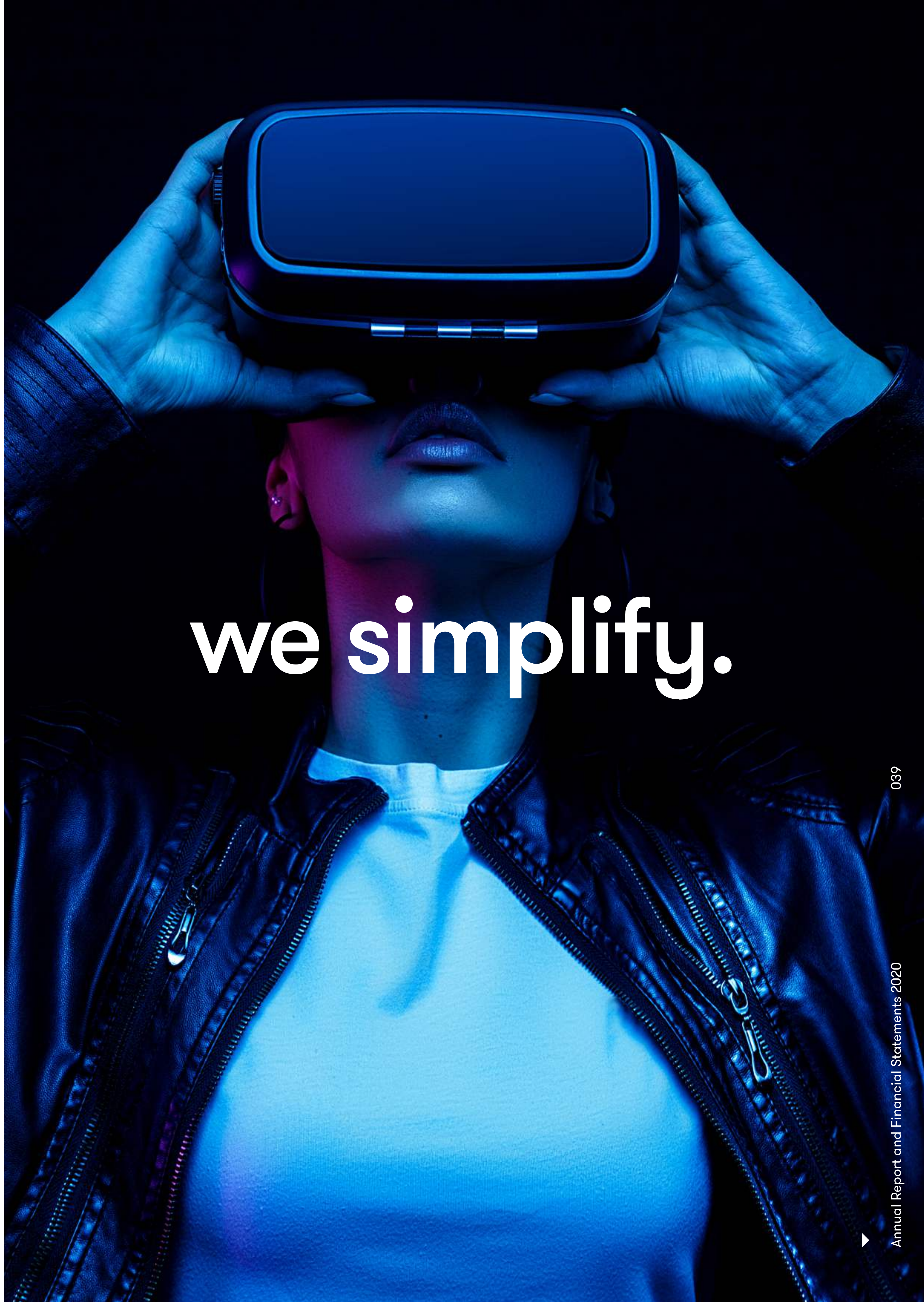


Net Cash/Debt



Cash from operations





"19% Growth from Services Turnover, 17% data centre service revenue growth and 11% services growth"

Turnover

Overall turnover grew by £28m (4%) in the year with much of the growth coming from the document services operations hived up at the end of the previous year. Underlying growth excluding document services turnover of £23m was 1%

We have successfully grown our turnover over the last few years focusing on product, however this year with our largest month of March disrupted by COVID-19 we slipped back a little notably in public sector product supply, though the improvement trend is still good. Services growth was strong with Data Centre services the major contributor to the overall increase.

We analyse our turnover in two ways. By category between product and services, and by the revenue streams of Supply, Integration Services and Managed services.

Product turnover declined by £8m, and by £15m if excluding the impact of document services, however growth over the last 2 years is running at an annual rate of 8% despite the dip in the final quarter of the last financial year. Turnover growth has been achieved with improved margins, though the climate remains competitive. The mix of our product business has improved again and we are now maintaining the better balance of business we established couple of years ago.

Services revenues grew by 19% to £221m and on an underlying basis excluding the document services business hived up, by £20m – 11%.
Data Centres Services grew 17% as expected to £65m, with growth returning to our Professional services operations which were 13% higher.

Supply At £499m, turnover for the Supply business unit represents 70% of Company turnover (2019: 74%) and is the key driver for Company turnover as it has been in the past. Growth in previous years has been from the public sector however the dip in turnover in March 2020 was due to lower public sector spend in contrast to the prior year when growth in public sector spend of 30% was achieved. Private sector revenues grew 1% over the previous year whilst public sector was down 1%.

Integration Services comprise 6% of turnover and is broadly in line with prior year having grown 2% to £36m. Growth was expected to be dampened this year by the forecasted end of project activity in the specialist flexible resources business with underlying professional services operation growing by 12%.

Managed Services includes our core managed services operation together with our Data Centre Services business. Turnover for this business segment, represents 24% of Company turnover (2019: 21%) and grew by £27m - £11m underlying. Good growth of £10m in Data Centre Services to £65m was a 17% improvement, following 10% growth in the prior year.

Print revenues were expected to be lower in the year in line with forecast customer refresh programmes with product sales £22m down following the exceptional prior year's performance. Service revenues remain strong and future product revenues will improve with refresh cycles.

Annuity Revenues from our services business has continued to grow with an increase of 9% driven by data centre services and following a growth of 12% in the prior year. Compound growth over the past 5 years is running at 9% with the current annualised rate now at £162m (2019: £149m) which is 23% of total revenue up from 22% in the previous year.

Profitability

We measure our performance in gross profit, in operating profit, and in profit before tax. Annual growth is important as well as maintaining consistent improvement over time, so we measure annual growth, profitability as a percentage of turnover and the growth in that rate on a compound basis (CAGR)

Gross Profit
12% Growth
16.5% of Turnover
4% 5 Year CAGR

Whilst gross profit has grown by 12% to £110m, gross profit as a % of turnover has risen by 1.0% to 15.5%, with product gross margins increasing 1% to 14.1% and a with a stable service mix improving the overall result.

"12% Growth in Gross Profit £164m Net cash and £23m Cash generated"

Operating profit for the year remained flat at £18m with growth in Gross Profit matching overhead increases. Whilst the soft end to the financial year impacted our most important month reducing gross profit and dampened operating profit below expectations, we have still maintained operating profit performance for the full year at the previous record levels.

Operating Profit
0.3% Growth
2.6% of Turnover
13% 5 Year CAGR

Operating profit margin has remained constant at 2.6%, and the final return of £18m is a 0.3% improvement on 2019.

Overheads have grown this year due to the additional costs which came with the hived-up document services operations. This accounts for all of the increase over the prior year, with the underlying overheads flat year on year.

Tight overhead control remains important to the delivery of improved operating profit performance and will be a continued focus in the future.

PBT
0.2% decline
2.4% of Turnover
5.4% 5 Year CAGR

Profit before tax margin is very similar to the prior year's return with a modest decline of 0.1% reflecting the lower than expected profit at the end of the financial period. Included in financing costs in the current year are higher finance lease interest costs arising from the hive-up of the document services businesses at the start of the financial period. These additional costs account for over 70% of the increase in financing charges.

Cash and net debt

£'000	2020	2019
Net Cash at beginning of year	**159,280**	**136,108**
Cash flows from operating activities	23,127	40,794
Capital expenditure	(15,361)	(12,737)
Interest received and paid	(818)	(681)
Dividends paid	(2,000)	(2,500)
Acquisition and disposal of subsidiaries	-	(229)
New finance leases	(706)	(1,474)
Net Cash at end of year	**163,520**	**159,280**
Components of Net cash/(debt)		
Cash at bank and in hand	164,695	160,737
Obligations under finance leases and HP contracts	(1,176)	(1,457)
	163,520	159,280
Movement in Net Cash	**4,240**	**23,172**

We aim to grow our cash balance after internal investments, payment of dividends and funding modest acquisitions. Growth in minimum cash headroom and tight working capital management underpin our performance.

Cash generated from operations this year of £4.2m is £17.7m lower than last year's above average result, but back in line solid cash generation we have delivered in prior years. Cash utilised on investment programmes has increased by £2.7m over last year as we commenced construction of our new head office at our Technology Campus in Birmingham.

We closed the year with net cash growing 3% to £164m. No cash was consumed this year on acquisitions.

We have bank facilities which include recourse and non-recourse arrangements together with overdraft facilities.

Our business cycle normally delivers a strong cash position at the year-end as it has done so again this year Bank facilities in place continue to be effective in providing adequate headroom to support variation in cash requirements during the year associated with the normal fluctuations in the sales cycle driven by vendor pricing and customer project timelines. Vendor independence requires additional headroom to accommodate less predictable cash flows as the mix of payment terms varies during the year. Measures were taken in the previous year to increase our working capital facilities by £5m, so it was not necessary to make changes this year. Steps have been taken since the year end to create more headroom with an increased overdraft facility to maximise liquidity in response to higher economic uncertainty, as discussed in the viability statement above.

€'000	2020	2019
Operating Profit	18,085	18,027
Depreciation Total	8,878	7,858
Amortisation Total	1,545	1,345
EBITDA	28,508	27,230
Cash generated from operations (before Capex)	23,127	40,794
Cash capital expenditure net of proceeds	(15,361)	(12,737)
Cash Generated (post capex)	7,766	28,056
Cash Conversion Ratio (post Capex)	27%	103%
Cash Conversion Ratio (before Capex)	81%	150%

We measure cash conversion, being cash generated from Operations as a % of EBITDA.

Cash conversion prior to our investment in capital programmes was 81% this year compared to 150% last year. Conversion rates in the year to March 2019 were much higher than average so the rate for the most recent period is a more normal level in comparison for example to the 70% rate in our year to March 2018. In the previous financial year working capital management delivered a much higher return not expected to repeat. The post capex ratio of 27% compares to 103% in the prior year and which was not as strong as prior periods reflecting a continuation in capital programmes.

"£6m growth in Net Assets 14.4% PBT return on funds £7.4m Dividends"

Return on net assets and dividends

Net assets have increased to £126m an increase of £6m generated during the year. Headline pre-tax return on opening shareholder funds declined from 15.9% in the prior year to 14.4%. Dividends declared in the year were £7.4m of which £2.0m has been cash settled (2019 £2.5m in total and in cash). At £7.4m, dividends were a little ahead of our target set at 50% of profit after tax due to the dip below expected profit in the month of March 2020, but below on average for the last two years and at a level which is acceptable to the directors after considering available cash reserves.

Capital Expenditure and Investments

During the year we have progressed our business transformation programme, spending £7m focusing on the development of operational systems to support our services business and on completing the design for our full solution. We expect to deploy operational elements of the solution in the coming months.

We also commenced the investment in our head office at our Birmingham Technology Campus. Our investment to date of £3.4m will deliver a modern and vibrant environment for customers to visit our services operations and for staff to work collaboratively. This investment will complete in the coming financial year.

Investment in our Data Centres remains important to ensure we provide the quality and capacity our customers require. We are committed to these facilities and have invested a further £3.7m during the year.

	FY20	FY19
Fixed asset additions	8,673	7,205
Intangible Asset Additions	7,590	9,231
Investments	835	6,318
	17,098	22,754

As in prior years, investment funding has been drawn from cash generated from operating profits, an approach which we expect to continue in the future.

SCC Audio Visual

In 2018, we acquired our specialist Audio Visual business SCC AVS Limited to enhance our existing capabilities and to provide our customers with a complete range of services from design, through installation and support. Integrating this specialist business with our wider business has improved our offering and we have exceeded our targets for the first full year of trading in our ownership. Prospects for this business in the future are good and they should be enhanced by growing interest in remote working solutions.

Future Investments

Cash availability remains high enough to support continued investment. We will ensure that we retain appropriate amounts of cash to support our working capital requirements during the expected future period of economic uncertainty and ensure that we focus investment in the coming year in the right areas to deliver productivity and future value.

We aim to support investment from cash generated from operations and will continue with this approach modifying expenditure as appropriate based on current and forecast performance. Debt capacity remains high however, if required to support further investment should it be appropriate to do so.

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

James Rigby
Chief Executive

The directors present their report for the Company 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 Company'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 Company's Risk management in the Governance and Risk section of the report covering all of the principal risks and uncertainties of the Company, including credit, liquidity and cash flow risk.

The Communities section of the Strategic Report covers the Company's policies in respect of equality and diversity, employee communication, 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 Company is considered as part of the Viability Statement within the Strategic Report.

Summary Performance and Dividends Declared

The Company's activities during the year generated turnover of £708m compared to £681m in the prior year. Profit before tax for the year was £17.3m compared to £17.3m in the prior year.
A dividend of £7.4m was declared during the year and part settled in cash of £2m, (2019: £2.5m), with the balance offset against an intercompany account. No further dividends have been proposed after the year end.

Net Assets of the business have now grown to £127m, an increase of £6m over previous year

Research and Development Expenditure

£3.0m has been spent on research and development activity during the year to develop innovative solutions to meet our customers' needs, £1.2m of which has been capitalised. The year's expenditure is in line with our annual investment levels 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 PA Rigby, Mr JP Rigby, Mr SP Rigby, Mr MJ Swain, Mrs PA Swain, and Mr PN Whitfield. On 31 March 2020 Mr J Bland, who had served as a director during the year, retired and resigned as a director, and Mr A Clark was appointed as a director.

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Branches

There are no branches that exist outside of the United Kingdom.

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 Company and of the profit or loss of the Company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approval of Reduced Disclosures

As a qualifying entity, the Company 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.

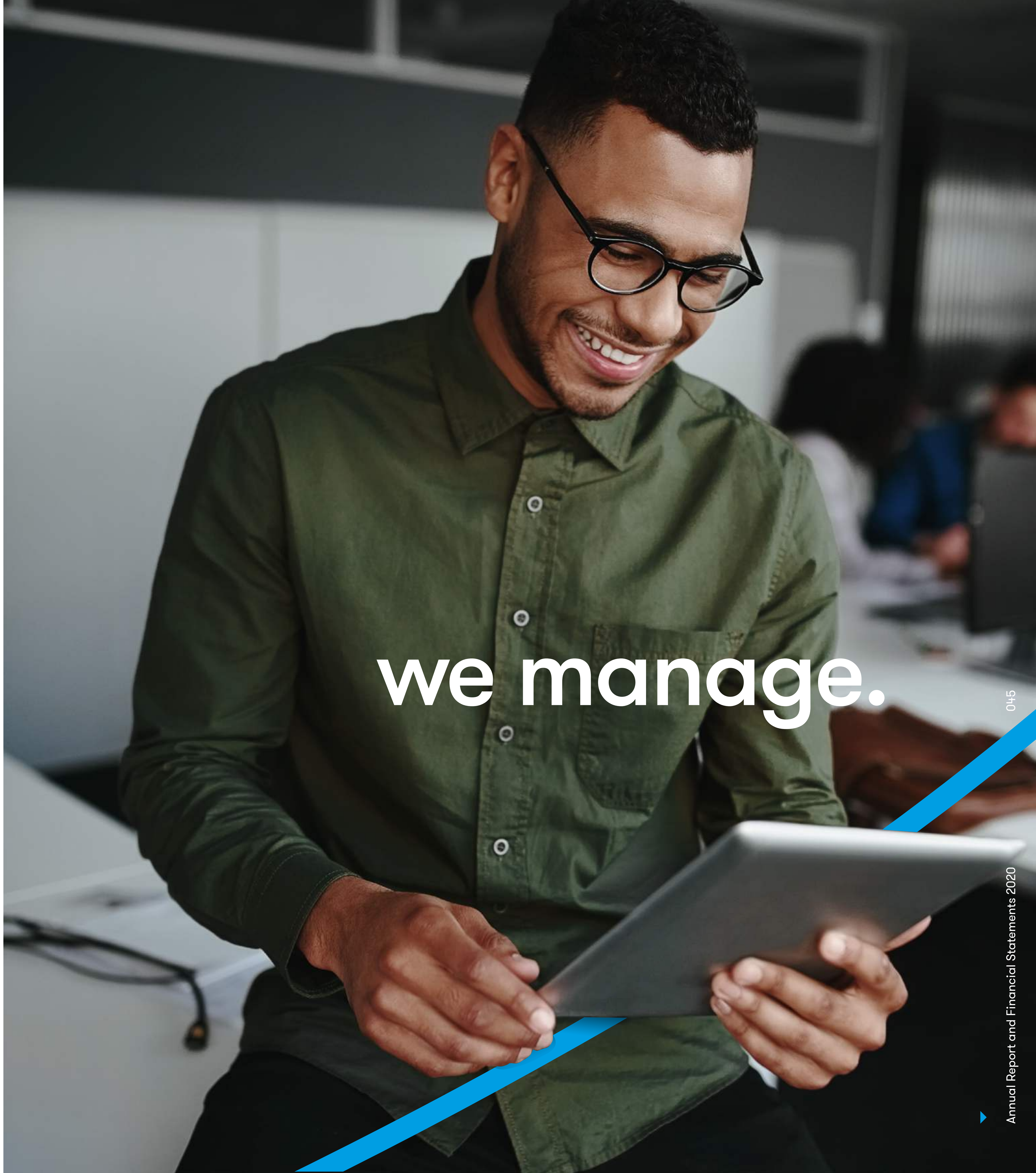
Auditor

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

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 Specialist Computer Centres plc

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Specialist Computer Centres plc (the company):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its 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 25

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

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

we simplify the complex

Specialist Computer Centres PLC

FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH 2020

we transform.

Financial statements for the year ended 31 March 2020

Profit and Loss Account for the Year Ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	708,298	680,513
Cost of sales		(598,232)	(582,168)
Gross profit		110,066	98,345
Administrative expenses		(91,981)	(80,318)
Operating profit		18,085	18,027
Finance costs (net)	4	(823)	(728)
Profit before taxation	5	17,262	17,299
Tax on profit	8	(3,421)	(3,857)
Profit for the financial year		**13,841**	**13,442**

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

The notes form part of these financial statements.

Statement of Comprehensive Income for the Year Ended 31 March 2020

	2020 £'000	2019 £'000
Profit for the financial year	13,841	13,442
Re-measurement of net defined benefit obligation (note 19)	116	(36)
Tax relating to items of other comprehensive income (note 18)	(19)	6
Other comprehensive income/ (expense)	97	(30)
Total comprehensive income	**13,938**	**13,412**

Balance Sheet as at 31 March 2020

	Notes	2020 £'000	2019 £'000
Fixed assets			
Intangible assets	11	25,330	19,285
Tangible assets	12	59,917	60,408
Investments	13	2,157	1,322
		87,404	**81,015**
Current assets			
Stocks	14	13,271	11,922
Debtors			
- due within one year	15	133,333	146,643
- due after more than one year	15	9,675	8,629
Cash at bank and in hand		164,695	160,737
		320,974	**327,931**
Creditors: amounts falling due within one year	16	(265,893)	(271,597)
Net current assets		55,081	56,334
Total assets less current liabilities		**142,485**	**137,349**
Creditors: amounts falling due after more than one year	17	(12,184)	(15,131)
Provisions for liabilities	18	(3,844)	(2,360)
Net assets		**126,457**	**119,858**
Capital and reserves			
Called-up share capital	20	1,158	1,158
Share premium account	20	143	143
Share based payment reserve	20	100	122
Profit and loss account	20	**125,056**	**118,435**
Shareholders' funds		**126,457**	**119,858**

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

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

	Called-up share capital £'000	Share premium account £'000	Share based payment reserve £'000	Profit and loss account £'000	Total £'000
At 1 April 2018	1,026	-	26	107,497	108,549
Profit for the financial year	-	-	-	13,442	13,442
Re-measurement of net defined benefit liability (note 19)	-	-	-	(36)	(36)
Tax relating to items of other comprehensive income (note 18)	-	-	-	6	6
Total comprehensive income	-	-	-	**13,412**	**13,412**
Settlement of equity share-based payments (note 20)	-	-	(26)	26	-
Shares issued in the year (note 20)	132	143	-	-	275
Charge for equity-settled share-based payments (note 20)	-	-	122	-	122
Dividends paid/declared (note 9)	-	-	-	(2,500)	(2,500)
At 31 March 2019	1,158	143	122	118,435	119,858
Profit for the financial year	-	-	-	13,841	13,841
Re-measurement of net defined benefit obligation (note 19)	-	-	-	116	116
Tax relating to items of other comprehensive income (note 18)	-	-	-	(19)	(19)
Total comprehensive income	-	-	-	13,938	13,938
Settlement of equity share-based payments (note 20)	-	-	(83)	83	-
Charge for equity-settled share-based payments (note 20)	-	-	61	-	61
Dividends paid/declared (note 9)	-	-	-	(7,400)	(7,400)
At 31 March 2020	**1,158**	**143**	**100**	**125,056**	**126,457**

Cash Flow Statement for the Year Ended 31 March 2020

	Notes	2020 £'000	2019 £'000
Net cash flows from operating activities	21	**23,127**	**40,793**
Cash flows from investing activities			
Proceeds from sale of software and equipment		59	139
Purchase of software and equipment		(15,420)	(12,876)
Interest received		53	-
Acquisition of subsidiaries		-	(13,727)
Disposal of subsidiaries		-	13,499
Net cash flow used in investing activities		**(15,308)**	**(12,965)**
Cash flows from financing activities			
Dividends paid		(2,000)	(2,500)
Repayment of obligations under finance leases		(988)	(404)
Interest paid		(873)	(681)
Net cash flow used in financing activities		**(3,861)**	**(3,585)**
Net increase in cash and cash equivalents		**3,958**	**24,243**
Cash and cash equivalents at beginning of year		160,737	136,494
Net increase in cash and cash equivalents		3,958	24,243
Cash and cash equivalents at end of year		**164,695**	**160,737**
Reconciliation of cash at bank and in hand			
Cash at bank and in hand at end of year		**164,695**	**160,737**
Cash and cash equivalents at end of year		**164,695**	**160,737**

1. Significant Accounting Policies

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

1.1 General information and basis of accounting

Specialist Computer Centres plc is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office of the Company is provided in the Company Information section of this Annual Report. The nature of the Company's operation and its principal activities are set out in the 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 functional currency of the Company is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates. As a wholly owned subsidiary of SCC EMEA Limited it has taken advantage of the exemption under section 400 of the Companies Act 2006 from preparing consolidated financial statements.

The Company 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 financial statements in relation to preparing related party, shared based payments and financial instrument disclosures.

1.2 Going concern

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

The Strategic Report and Directors' Report describe the financial position of the Company; its financial risk management objectives and its exposure to credit risk and liquidity risk. The Company is part of the SCC EMEA Group which has secured banking facilities in both the UK and Continental Europe used to meet its day to day working capital requirements.

The current economic conditions create uncertainty particularly over the level of demand for the Company'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 Company'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 Company.

The Company has put in place measures to mitigate the impact of COVID-19 by taking advantage of relevant government schemes, reviewing working practices and overheads, and reviewing potential impacts on trading performance.

The combination of these measures and the financial analysis concluded that the Company 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 Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company 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.

1.3 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.

1.4 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.

1.5 Intangible assets

Development costs

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.

1.6 Tangible fixed assets

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

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.

1.7 Investments

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

1.8 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.

1.9
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.

1.10
Employee benefits

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

The Company 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. The Company 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.

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.

1.11
Share based payments

The Company has issued equity-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.

1.12
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.

1.13
Financial instruments

Financial assets and financial liabilities are recognised when the Company 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.

1.14
Taxation

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

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

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

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

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

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

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

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

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

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

1.15
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.

1.16
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.

1.17
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.

1.18
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.

1.19
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.

1.20
Contractual obligations under preferred vendor schemes

Where the Company 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.

1.21
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.

2. Critical Accounting Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

2.1
Critical judgements in applying the Company's accounting policies

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

2.2
Key sources of estimation of uncertainty

The key assumptions concerning the future and other sources of uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying value of the assets and liabilities within the next financial year 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 £9.1m) 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.

3. Turnover

	2020 £'000	2019 £'000
By geographical destination		
United Kingdom	701,064	673,647
Continental Europe	7,212	6,609
Rest of World	22	257
	708,298	680,513
By category		
Sale of goods	486,810	494,615
Rendering of services	221,385	185,795
Government grants	103	103
	708,298	680,513

Government grants represent amounts received in respect of our data centre operations and are being released to the profit and loss account over the useful economic life of those assets. No further conditions need to be satisfied in respect of the grants received.

4. Finance Costs (NET)

	2020 £'000	2019 £'000
Interest payable and similar charges	873	683
Investment income	(53)	-
Other finance costs	3	45
	823	728

	2020 £'000	2019 £'000
Interest payable and similar charges		
Interest on finance facilities	766	646
Finance leases and hire purchase contracts	107	37
	873	683

	2020 £'000	2019 £'000
Investment income		
Other interest receivable	(53)	-
	(53)	-

	2020 £'000	2019 £'000
Other finance costs		
Unwinding of discount on long term debtors/creditors	(8)	34
Net interest on defined benefit obligation (note 19)	11	11
	3	45

5. Profit Before Tax

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

	2020 £'000	2019 £'000
Depreciation of tangible fixed assets	8,878	7,859
Amortisation of intangible assets	1,155	954
Amortisation of goodwill	390	390
Research expenditure	1,810	2,409
Government grant income	(103)	(103)
Operating lease rentals	5,450	4,426
Foreign exchange gains	(158)	(207)
Other operating income	(511)	(537)
(Gain)/loss on disposal of fixed assets	(48)	40
Cost of stock recognised as an expense	451,135	462,489
Impairment of stock recognised as an expense	35	-
Reversal of impairment of stock	-	(86)

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	190	151
Tax compliance services	10	-
Total non-audit fees	10	-

No services were provided pursuant to contingent fee arrangements.

6. Staff Costs

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

	2020 Number	2019 Number
Sales	336	338
Administration	206	200
Engineering	1,242	970
Warehouse	127	138
	1,911	**1,646**

Their aggregate remuneration comprised:

	2020 £'000	2019 £'000
Wages and salaries	91,251	78,156
Social security costs	10,881	9,432
Pension costs	2,456	1,764
	104,588	**89,352**

The above remuneration excludes redundancy payments of £494,843 (2019: £838,745).

Pension costs relate to contributions into defined contribution schemes, and 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	1,279	1,200
Company contributions to money purchase schemes	82	74
	1,361	1,274

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received. 1 director exercised share options in the year (2019 - Nil). During the year, no share options were granted to the directors (2019 - Nil).

In 2018 shares were issued to two directors under a long term incentive plan. These shares carry a put and call option on maturity of the plan. During the year one director exercised his put option which resulted in £1,084,000 (2019: Nil) being paid to the director by the parent company.

The directors, Sir Peter Rigby, Ms P A Rigby, Mr J P Rigby and Mr S P Rigby 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. The emoluments of Mr P Whitfield are borne by and disclosed in the financial statements of SCC EMEA Limited.

The total remuneration of directors paid by other Group Companies was £533,000 (2019: £662,000). In addition some of these directors are accruing benefits under a Group pension scheme with total contributions of £12,000 (2019: £14,000) paid on their behalf.

Pensions

The number of directors for whom retirement benefits are accruing under a defined contribution scheme is 4 (2019: 4).

Remuneration of highest paid Director

	2020 £'000	2019 £'000
Emoluments	468	456
Company contributions to money purchase schemes	40	40
	508	496

The highest paid director exercised no share options during the year (2019: Nil) and was granted no share options during the year (2019: Nil).

8. Tax on Profit

	2020 £'000	2019 £'000
Current tax		
Corporation tax	3,037	3,260
Adjustments in respect of prior years	(353)	(217)
Total current tax	2,684	3,043
Deferred tax		
Origination and reversal of timing differences	815	660
Adjustments in respect of prior years	8	224
Effect of changes in tax rate	(86)	(70)
Total deferred tax (note 18)	737	814
Total tax on profit	3,421	3,857

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	17,262	17,299
Tax on profit at standard UK corporation tax rate of 19% (2019: 19%)	3,280	3,287
Effects of:		
Expenses not deductible for tax purposes	301	415
Income not taxable for tax purposes	-	(8)
Transfer pricing adjustments	273	264
Adjustment in respect of prior years	(345)	7
Current tax movement relating to hived up trade and assets	-	41
Deferred tax movement relating to transfer in trade and assets	-	(79)
Effects of group relief / other reliefs	(2)	-
Effect of changes in tax rate	(86)	(70)
Total tax charge for year	3,421	3,857

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.

9. Dividends

	2020 £'000	2019 £'000
Final dividend has been paid of £7.21 per share (2019: £2.44 per share)	7,400	2,500

The dividend was approved by the shareholders during the year and £2,000,000 (2019: £2,500,000) was settled in cash and the remainder offset against an intercompany receivable.

10. Employee Share Schemes

In 2018 the Company issued 132,000 'A' ordinary shares under a long term incentive plan to two directors of the Company.

On 24 February 2020 one director exercised his put option selling his 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.

11. Intangible Fixed Assets

	Goodwill £'000	Software costs £'000	Development costs £'000	Total £'000
Cost				
At 1 April 2019	3,902	14,312	12,555	30,769
Additions	-	455	7,135	7,590
At 31 March 2020	3,902	14,767	19,690	38,359
Amortisation				
At 1 April 2019	3,307	8,177	-	11,484
Charge for the year	390	1,155	-	1,545
At 31 March 2020	3,697	9,332	-	13,029
Net Book Value				
At 31 March 2020	205	5,435	19,690	25,330
At 31 March 2019	595	6,135	12,555	19,285

Amortisation charged on goodwill and software costs 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.

12. 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	10,878	19,518	77,408	2,661	2,395	112,860
Additions	-	443	4,630	487	3,113	8,673
Disposals	-	(664)	(1,413)	(414)	-	(2,491)
At 31 March 2020	10,878	19,297	80,625	2,734	5,508	119,042
Depreciation						
At 1 April 2019	1,200	8,212	41,104	1,936	-	52,452
Charge for the year	261	813	7,543	261	-	8,878
Disposals	-	(664)	(1,127)	(414)	-	(2,205)
At 31 March 2020	1,461	8,361	47,520	1,783	-	59,125
Net Book Value						
At 31 March 2020	9,417	10,936	33,105	951	5,508	59,917
At 31 March 2019	9,678	11,306	36,304	725	2,395	60,408

Disposals of Plant and Equipment includes £275k carrying value of assets reclassified as Stock during the year.

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 Freehold £'000	Leasehold £'000	Fixtures and equipment £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
At 31 March 2020	-	-	538	862	-	1,400
At 31 March 2019	-	-	896	665	-	1,561

13. Investments

	Shares in subsidiary undertakings £'000
As at 1 April 2019	1,322
Additions	835
As at 31 March 2020	2,157

Subsidiary undertakings

On 31 March 2019 and 31 March 2020 the Company directly held investments in 100% of the ordinary share capital of the following subsidiary undertakings, except SCC AVS Limited where it held 80% of the ordinary share capital:

Company subsidiary undertakings	Country of incorporation	Principal activity
SCC AVS Limited	England and Wales	Audio visual services
SCC (UK) Limited	England and Wales	Dormant
SCC Capital Limited	England and Wales	Dormant
M2 Smile Limited	England and Wales	Dormant

The registered offices of all entities are provided in the Company Information section of this annual report.

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 Company has increased the deferred contingent consideration to be paid by £835,000.

14. Stocks

	2020 £'000	2019 £'000
Goods held for resale	6,533	5,836
Print consumables	5,622	4,894
Maintenance stock	1,116	1,192
	13,271	11,922

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

15. Debtors

Amounts falling due within one year:

	2020 £'000	2019 £'000
Trade debtors	90,182	108,297
Amounts owed by Group undertakings	7,418	6,264
Other debtors	9,103	7,612
Corporation tax	588	-
Prepayments and accrued income	26,042	24,470
	133,333	146,643

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 the Company to be adequately financed to meet peak borrowing requirements which fluctuate during the year in line with the normal variability of transaction activity.

Amounts falling due after more than one year:

	2020 £'000	2019 £'000
Trade debtors	9,675	8,576
Other debtors	-	53
	9,675	8,629

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

16. Creditors: Amounts falling due within one year

	2020 £'000	2019 £'000
Obligations under finance leases and HP contracts	646	627
Trade creditors	178,451	191,824
Corporation tax	-	426
Group relief creditor	536	297
Amounts owed to Group undertakings	18,785	15,155
Other taxation and social security	16,696	18,696
Other creditors	4,617	4,265
Government grants	103	103
Deferred revenue	26,106	21,840
Accruals	19,953	18,364
	265,893	271,597

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

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

	2020 £'000	2019 £'000
Obligations under finance leases and HP contracts	529	830
Accruals and deferred income	6,528	6,583
Government grants	355	458
Trade creditors	4,772	7,260
	12,184	15,131

Net obligations under hire purchase contracts

	2020 £'000	2019 £'000
Repayable within one year (note 16)	646	627
Repayable between one and five years	529	830
	1,175	1,457

The obligations under finance leases and hire purchase contracts are secured over fixtures and equipment and motor vehicles. There are no restrictions imposed by lease arrangements.

18. Provisions for liabilities

	Deferred contingent consideration £'000	Defined benefit obligation (note 19) £'000	Deferred tax £'000	Total £'000
At 1 April 2019	1,080	488	792	2,360
Acquisitions	835	-	-	835
Charged to the profit and loss account	-	61	737	798
(Credited)/charged to other comprehensive	-	(116)	19	(97)
Contributions	-	(52)	-	(52)
At 31 March 2020	1,915	381	1,548	3,844

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 Company has increased the deferred contingent consideration to be paid by £835,000 (note 13).

Deferred Taxation

The Company's net deferred taxation liability comprises:

	2020 £'000	2019 £'000
Deferred taxation asset		
- recoverable within one year	123	73
- recoverable after more than one year	65	83
Deferred taxation liability		
- payable within one year	(100)	-
- payable after more than one year	(1,636)	(948)
	(1,548)	(792)

	£'000
As at 1 April 2019	(792)
Charged to profit and loss account	(737)
Charged to other comprehensive income	(19)
As at 31 March 2020	(1,548)

The deferred taxation liability is made up as follows:

	2020 £'000	2019 £'000
Depreciation in excess of capital allowances	(1,737)	(948)
Other timing differences	189	156
	(1,548)	(792)

At 31 March 2020, there are no deferred tax assets which have not been recognised (2019: None).

19. 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

19. 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

20. Called-up Share Capital and Reserves

	2020 Number	2019 Number	2020 £'000	2019 £'000
Allotted, called-up and fully-paid				
Ordinary shares of £1 each	1,026,671	1,026,671	1,026	1,026
A Ordinary Shares of £1 each	132,000	132,000	132	132
C Ordinary Shares of £1 each	-	-	-	-
D Ordinary shares of £1 each	-	-	-	-
	1,158,671	1,158,671	1,158	1,158

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. A Ordinary shareholders are entitled to receive notice and vote at general meetings of the Company. They confer no right to receive dividends.

The A Ordinary shares have a par value of £1, and a share premium of £1.08.
On 24 February 2020 one director exercised his put option resulting in 60,000 of the A Ordinary shares being sold to SCC UK Holdings and a director loan of £125,000 being repaid.

The Company's reserves comprise the following:

- Profit and loss account which comprises the accumulated profits and losses of the Company net of any dividends paid.
- Share based payment reserve of £100,000 which represents the premium on shares issued under the share based payment arrangement that have not been exercised.
- Share premium account of £143,000 which represents the premium on the shares issued over the nominal value.

21. Net Cash Flows from Operating Activities

	2020 £'000	2019 £'000
Operating profit	18,085	18,027
Adjustment for:		
Depreciation of tangible fixed assets	8,878	7,859
Amortisation of intangible fixed assets	1,545	1,344
(Profit)/loss on sale of tangible fixed assets	(48)	40
Service cost on defined benefit obligation	50	81
Operating cash flow before movement in working capital	28,510	27,351
(Increase) in stocks	(1,074)	(8,143)
Decrease/(increase) in debtors	12,761	(32,973)
(Decrease)/increase in creditors	(13,977)	58,485
	26,220	44,720
Income tax paid	(3,093)	(3,927)
Cash generated by operations	23,127	40,793

22. Contingent Liabilities

The Company is party to a cross guarantee on the overdrafts and bank facilities of certain UK companies owned directly or indirectly by SCC UK Holdings Limited. At 31 March 2020, the indebtedness of these UK group undertakings amounted to £64,872,905 (2019: £63,857,582).

23. Related Party Transactions

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

During the year one director exercised their put option resulting in a repayment of £125,000 of the directors loans. The remaining loan 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.

24. Financial Commitments

	2020 £'000	2019 £'000
Capital commitments contracted but not provided for:		
- Property, non-finance leases	3,633	348

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

	2020		2019	
Group	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	2,309	871	2,300	1,103
Between two and five years	6,001	782	6,681	581
In over five years	6,135	-	6,712	-
	14,445	1,653	15,693	1,684

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.

25. Controlling Party

Ultimate parent undertaking

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

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

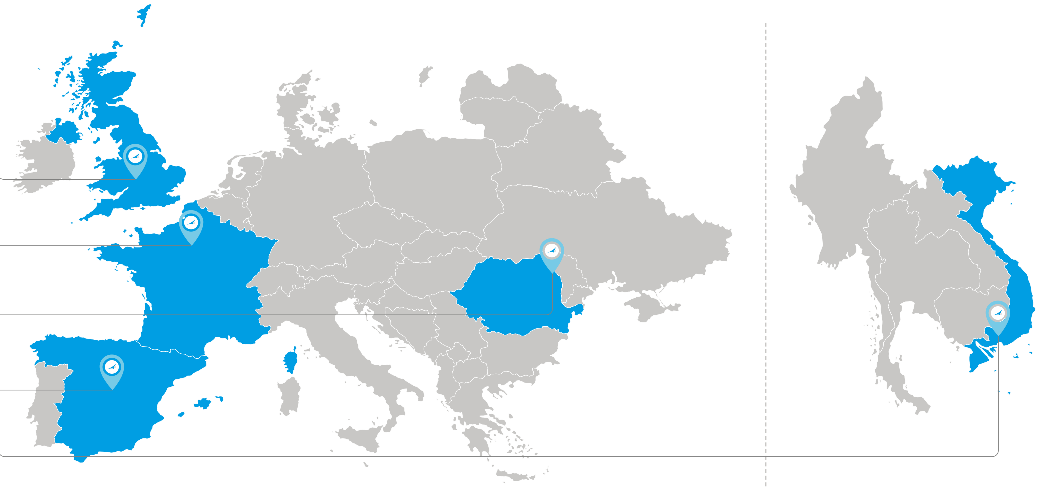
Ultimate controlling body

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.

SCC EMEA Group

Specialist Computer Centres plc is a part of the SCC EMEA Limited Group of companies.

we go beyond.



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

Specialist Computer Centres plc is a key part of the SCC EMEA Group, which trades in UK, France, and Spain and has Global Delivery Centres providing support to SCC customers and internal operations from Romania and Vietnam.

SCC is reported within the UK segment of the Group which has delivered a combined turnover of £723.4m and Operating Profit of £15.4m

Net Assets of the group are £169m a growth of 8% on prior year after paying dividends of £8.5m to the parent company Rigby Group (RG) plc

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%

Consolidated Financial Highlights of SCC EMEA Limited.

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%	Turnover. **£28.7m** 2019 | £26m +10.4%

Another excellent financial performance for the SCC EMEA group for the year with turnover at £2.3bn, EBIT also up 9% to £30.7m. Despite posting record performance in the prior year, the group was able to continue growth as our trading operations in France and in Spain also recorded excellent, record EBIT performances.

Turnover

Consolidated turnover for the year grew by 6% over the prior year and by the same rate on a constant currency basis.

The mix of our group remains unchanged with France turning over 65% of revenue and the UK operations 32%. With large, strong and stable operations in these key territories no change is expected in the future.

In France, our business had another very successful year with turnover growing 9% to €1.7bn. Operating profit was up on last year driven by product growth at €14.6m (14.5%).

In Spain, revenues have been growing for a number of years and with turnover at €94m, up 15.4% this represents another new record.

Profitability

Both EBIT and EBITDA grew by 9%and 6% to new records for the group at £30.7m and £49.3m respectively.

Net Assets

At £169m, consolidated net assets grew by 8% after declaring a dividend of £8.5m to our parent company Rigby Group (RG) plc.

Headcount

Average headcount increased from 5,776 in the prior year to 5,994 although the average cost per head reduced by 0.4% in the year.

Useful information.

Directors.

Sir Peter Rigby
Ms PA Rigby
Mr JP Rigby
Mr SP Rigby
Mr MJ Swain
Mrs PA Swain
Mr J Bland
(resigned 31st March 2020)
Mr PN Whitfield
Mr A Clark
(appointed 31st March 2020)

Company Secretary.

Mr OG Williams

Registered Office.

James House
Warwick Road
Birmingham
West Midlands
B11 2LE
United Kingdom

Auditors.

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

Solicitors.

Gowling WLG (UK) LLP
2 Snowhill
Birmingham
West Midlands
B4 6WR
United Kingdom

Company Number.

01428210

Registered offices of subsidiary entities are the same as for the Company with the exception of M2 Smile Limited, whose registered offices are at Brightgate House, Cobra Court, Brightgate Way, Manchester, M32 0TB


we adapt.

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

scc.com