2017

SCC EMEA Limited and Subsidiary Undertakings

Annual Report and Financial Statements for the Year ended 31 March 2017

We make IT work.

Contents

Strategic Report

Governance

Financial Statements

Company Information

The Directors present their Strategic Report for the year ended 31 March 2017 for SCC EMEA Group as a whole comprising SCC EMEA Limited and its Subsidiary Undertakings

£1.7bn	£41m	£313m	£25m
Turnover	EBITDA	Services Turnover	EBIT

I am pleased to present our Annual Report for the SCC EMEA group for the financial year ended 31 March 2017 to highlight the key success factors behind our performance over the last twelve months and to provide insight into our future prospects.

Our last financial year was exceptional, delivering record earnings before interest and tax of £25m, a 39% improvement over the previous year. Our strategy to improve the mix of our business, growing services and reducing lower margin product revenues has underpinned our performance improvement. We have now grown profitability in each of our last four years during this transformation journey.

Our services business has now grown by 16% to £313m and at 19% has grown its share of our turnover from 17.4% in the prior year.

Trading in both of our core territories of France and the UK improved, delivering record EBIT performance in the year, and in Spain, our business also continues to grow.

During the year we opened a new Global Delivery Centre in Vietnam. Located in Ho Chi Minh City we are able to access a new pool of talent and are already providing Data Centre Infrastructure support and software development from this location.

Our French business grew turnover and EBIT for the year to record levels and completed its acquisition of Flowline Technologies, an important strategic investment by the business in Data Centre Infrastructure services. Based in Lyon and Paris this new operation enhances our service capabilities in this important business line.

In the UK we grew EBIT again and our services business reached turnover of £194m with Data Centre Services growing by 29%. We completed our current programme of investment in our UK datacentres and we are well positioned to meet our current pipeline and our customers future needs.

Our customer relationships are key to our business and we are pleased to continue to provide services to a blue chip list of clients in the UK and in France.

Vendor relationships remain fundamental to ensuring we provide the best possible support to our customers, investing in accreditations and the experience necessary to fulfill their needs. Over the last twelve months we have been announced as winners of a number of awards including HPE UK and Ireland Solution Partner of the Year, CISCO's UK Public Sector and UK Services Partner of the Year Awards. Following a period of investment we secured the top award for Best Managed Service Desk at the 2017 SDI Awards. Also our Romanian business was again awarded outstanding Company of the Year at PIN 2017.

Outlook for the Coming Year

Our strategy of services revenue growth has been successful and we will continue with this approach whilst not neglecting to provide our customers with excellence in the supply of products. We expect to continue to grow our services business in all territories over the coming year.

Where opportunities to invest or acquire other businesses arise we will grow our business if the strategic fit and price is right, focusing on earnings enhancement in preference to revenue growth.

Our marketplace is constantly changing and economic uncertainties exist, however we have a clear strategy and a focused and agile business which gives us confidence in a strong financial performance over the coming year.

SCC UK

- Head Office: Birmingham
- 11 locations
- 2,000+ staff
- Top 3 DCS provider
- Multi award-winning services

SCC France

- Head Office: Nanterre
- 23 locations
- 2,000+ staff
- Strong government business
- Customer longevity

SCC Spain

- Head Office: Madrid
- 6 locations
- 250+ staff
- 180 Technical Engineers
- ISO Accredited
- Leading Customers

SCC Romania

- Global Delivery Centre
- 24/7/365 1,000+ multi-lingual staff
- 93% annual staff retention
- Multi award-winning

SCC Vietnam

- Head Office: Ho Chi Minh City
- Global Delivery Centre
- 50 heads
- Established 2017

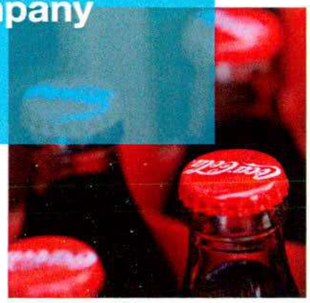
We operate a balanced business with our customers coming from the public and private sectors. In the public sector, we support health and emergency services as well as national and local government, whilst in the private sector, our customers operate in a broad range of sectors including financial; logistics; utilities; communications; manufacturing; service and retail. We have an impressive list of clients in all of our key territories.

"SCC helps us to innovate"

UGAP

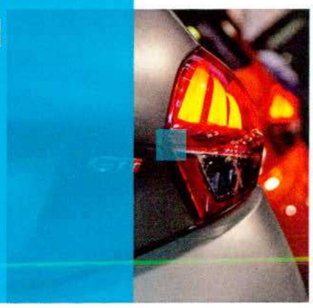
"SCC frees us from the daily management of our IT infrastructure"

Equitorial Coca-Cola Bottling Company



"SCC stood out because of their experience and knowledge"

PSA - Peugot Citreon



"SCC has become part of the team"

BBC Worldwide

"The key to our success was the mutual trust with SCC"

L'Occitane

Our Vendors

Strategic Vendor Partnerships underpin our business strategy.

Partnerships have been established with many vendors of which HP, HPE, EMC, Cisco, IBM, VMWare, Microsoft, NetApp, Lenovo and Oracle are pre-eminent.

We hold significant vendor accreditations with all of our partners. SCC is a multi-award winning business, underpinned by best practice IT accreditations and processes to deliver market-leading solutions for its global customers.

Awards - Include:

Company of the Year

Best IT Outsourcing Company of the Year 2017

Best Managed Service Desk

Outsourcing Company of the Year 2016

One of the largest partners in the UK and EMEA

Accreditations - Include:

Information Assurance

Environmental Protection

IT Service Management

Quality Assurance

Business Continuity

Our Mission

We are SCC – great things happen when we work together:

- To make IT work for our customers to improve the way they do business;
- To deliver quality IT solutions and services that change the way businesses do business;
- To deliver long-term profit to invest back into the business;
- To nurture a winning network of partners to create enduring value to our customers.

Our Vision

Stimulate progress, change and improvement through IT and be the first choice for customers, partners and employees.

We will be:

- Trusted by our customers and partners;
- Dedicated to delivery;
- Committed to our people;
- Drivers of innovation;
- A highly effective, lean and fast-moving business;
- Passionate about our business and its growth

Our Values

Independent

Our solutions and services are built on impartiality, honesty and, trust; we keep our word and deliver what we promise.

Passionate

We believe in providing quality and value total dedication and customer focus to deliver profitable, innovative and robust solutions.

Caring

Our attention to clients is reinforced by the way we support each other, with sustainable values woven into all that we do.

Excellence

Putting excellence into action every day ensures our people have the opportunity to excel, and our customers benefit from the value we deliver, and the service we provide.

Partnership

Being a trusted partner ensures we deliver greater value and is key to success – people depend on our customers, who depend on us.

Ethics

We are an ethical company believing in the operation of solid and fair business practices with a zero tolerance approach to bribery and corruption. Our policies are comprehensive and apply to all staff and activities.

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

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

Our aim is to harness the power of technology to transform lives with the objective of enabling our people to positively contribute in a way that is personal, valuable and meaningful to them and the business.

We are committed to ensuring that our business is ethical, safe, professional, environmentally responsible and active in the community.

Environment

We recognise the importance of our environmental responsibilities in all markets in which we operate. In all activities, working practices and business relationships, we continuously work towards protecting, conserving and enhancing all aspects of the environment. We seek to always meet the necessary regulatory requirements and continue to raise employee awareness of environmental issues in order to minimise the impact on the environment. This is supported through appropriate schemes, such as recycling all sites in an environmentally sensitive manner. We have put in place the necessary systems to manage, control and monitor performance in respect of environmental matters.

Since September 2010, we have been working with leading Carbon Management Company CO2Balance to calculate and offset the carbon dioxide emissions created from the operation of our Data Centres and recycling facility.

Charitable Support

We believe that building and maintaining relationships of trust in the community is vital to the sustainable future of our business. Our

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

We also support local charities which can benefit from donations, fundraising events and volunteering. We offer all employees one volunteering day per year and encourage them to support a registered charity or organisation.

Leading the fight against dementia
Alzheimer's Society

Prince's Trust

Marie Curie
Care and support through terminal illness

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

THE RIGBY FOUNDATION

Financial Summary

We have delivered our best ever financial performance in the last financial year: turnover at £1.7bn, EBITDA was up 26% to £41m and EBIT up 39% to £25m.

Turnover

Consolidated turnover for the year was flat on the prior year on a constant currency basis, at €2bn.

With over 60% of turnover generated in euro-denominated transactions, the sterling to euro exchange rate impacted the sterling equivalent by £130m such that the financial statements report a growth in turnover of 9%.

Our operations in France and the UK continue to drive the majority of group turnover (96%) and profitability as they have in prior years and we expect them to do so in the future.

Our French operation, with the largest share of group turnover, grew by 22% in sterling terms and 6% on a constant currency basis. Our UK operation declined in turnover as Specialist Computer Centres plc continued to move away from lower margin product business whilst growing the services business, the impact of which was markedly improved EBIT. In Spain, turnover grew by 7% to €68m.

Profitability

EBIT reported for the year of £25m was a record for the group. EBITDA at £41m grew 26% on the prior year and was also a record. Currency movements helped consolidated profit by £1.5m compared to the prior year, however on a constant currency basis this profit performance was still the best the group has ever achieved.

EBIT in our French business grew by over 47% to £10.2m whilst the UK business grew by 21% to £17.2m

Net Assets

At €170m/£138m, consolidated net assets grew by 6% after declaring a dividend to our parent company Rigby Group (RG) plc.

Headcount

Our average headcount declined by 2% from 5,600 in the prior year although average cost per head rose by 13% in the year.

Highlights

£1.7bn
Turnover
FY16 £1.5bn **+9%**

£41m
EBITDA
FY16 £32m **+26%**

£25m
EBIT
FY16 £18m **+39%**

5500
Headcount
FY16 5600 **-2%**

We analyse our EMEA business by presenting our core trading operations by geography - UK, France and Spain. We show our Global Delivery Centres in Romania and Vietnam as one segment alongside our trading territories (GDC).

Within the UK segment, we include Specialist Computer Centres plc, M2 Digital Limited and M2 Smile Limited.

Our central group operations located in the UK are reported in our EMEA central operations which also includes our UK based payroll and data services business, Specialist Computer Services Limited.

UK	France	Spain	GDC
£602m Revenue	**€1.2bn** Revenue	**€68.4m** Revenue	**€12.7m** Revenue
£17.2m EBIT	**€11.9m** EBIT	**€219k** EBIT	**€730k** EBIT
£28.1m EBITDA	**€17.1m** EBITDA	**€224k** EBITDA	**€1.0m** EBITDA

UK

Our UK business has had a record breaking year with earnings growth of 21% as our strategic transformation to a services led business takes shape.

Turnover declined by 8% as lower margin product turnover fell by £64m compared to the prior year.

Services turnover grew by £40m to £194m and now represents 32% of total company turnover, a growth of 88% over the last three years. Over this time we have been actively focusing on our services business and removing low margin product turnover and associated overheads from our business. Growth in key services such as Data Centre and Print are driving the transformation of the revenue and margin mix from which our growth in EBIT returns are being delivered.

At £17m, our EBIT for the last financial year is a record in absolute terms and, at 3% return on sales, is a significant step forward.

Annuity Revenues at 25% of our total revenues reached £150m and underpin our confidence in future profitability allowing us to continue to invest in our business.

Our Data Centre Service continues to grow with turnover rising 29% following a 67% growth in the prior year. Capital spend of £13m in the year provided more capacity to meet demand and will allow our continued growth in the coming years.

Within our Data Centre operations our secure multi-tenanted service "Sentinel by SCC" continued prior year growth with revenues 76% higher at £14m with further growth expected in the future. Over our existing locations in Birmingham and Hampshire we have now invested £60m in our two Tier 3+ data centres with £13m in the year completing our current programme.

Outlook for the coming financial year

We will continue with our successful strategy of growing earnings through focus on our growing services business and manage our overheads tightly to drive improved profitability. High annuity revenue levels underpin our future performance and cash generated from operations will rise following the completion of our current programme of capital investments.

Customers

We support FTSE100 customers including BAE Systems, Next and Babcock, as well as a number of public sector customers including the Home Office and Department for Work and Pensions.

Highlights

£602m
Turnover

£28m
EBITDA
FY16 **+13%**

£17m
EBIT
FY16 **+21%**

£194m
Services Turnover

£56m
Data Centre Turnover

£60m
Data Centre Investment

Operations

11
Locations

2,000
Staff

1,500+
Customers

France

Our business in France has delivered an excellent earnings improvement with record EBIT returns in the year.

With over 85% of turnover from our product business, EBIT margins are lower than in the UK, however returns are improving as the business grows its services operation and manages overheads effectively.

Product revenues grew by 7% to over €1bn and with margins maintained contribution to EBIT grew in the year.

At €160m, our services business grew by 10%, maintained margins and overheads, resulting in improved profitability.

At the start of the financial year we acquired Flow Line Technologies, a Data Centre Infrastructure and Services business operating in Paris and Lyon, a key acquisition on the roadmap to build a significant Data Centre Services business in France.

Our Financing Solution business Rigby Capital SA grew to over €100m delivering €2.7m of EBITDA.

Outlook for the coming financial year

We will continue with our strategy to develop the size, capability and profitability of our services business whilst retaining focus on our core product business which remains central to our future profitability. We anticipate further growth and improvement in profit in the next fiscal year.

Services

- Enterprise Infrastructure
- Networking & Security
- Outsourcing and Maintenance
- Data Centre Services
- Software & Software Asset
- Management Financing Solutions
- Desktop & Workspace
- Recycling Services

Customers

We have a Blue Chip customer base including:
UGAP: Ministeries de la Defence, Interier and Finance
Safran: Air France; Thales; Societe Generale, AXA

Highlights

€1.2bn
Turnover

€11.9m
EBIT

€17.1m
EBITDA

27%
EBIT Growth

22%
Sterling Turnover Growth

€40m
Net Assets

Operations

23
Locations

2,000+
Staff

1,000+
Customers

Spain

Our Spanish business achieved their objectives to grow turnover in the year. Underlying EBIT growth also remained on track.

Over 70% of the turnover comes from product sales, however as our services business grows the mix is starting to change. Of the €4.6m turnover growth in the year, 70% came from services which is now over €17m for the last financial year.

Gross margins declined slightly due to competitive pressure, however tight overhead control minimised impact on EBIT returns.

Outlook for coming financial year

We will continue with the development of our services business and expect further growth in turnover and in profitability.

Customers

We have a Blue Chip cutomer base including:
La Caixa; Carrefor; Correos; Mandragon; Mapfre; Campofrio; Alcampo

Highlights

€68m

Turnover

23%

Sterling Turnover Growth

€219k

EBIT

Operations

6

Locations

250+

Staff

100+

Customers

Top 3

Corporate IT Service Provider

Our Global Delivery Centre Operations

In additon to our Regional Delivery Centres in the UK, France and Spain our Global Delivery Centres are based in Romania and now also in Vietnam which opened in early 2017.

We employ over 1,000 staff supporting customers of our UK and French businesses.

Our Romanian business was established in 2006 and has a long record of successful growth and recognition excellence, winning the Regional IT and Outsourcing Industry Awards for 2017 to follow the 2016 award.

Our new operation in Ho Chi Minh City, Vietnam provides access to the skills we need to support our customers most technical requirements.

In Vietnam we will extend our internal capabilities to the development of internal software solutions to support our operations in the UK and France alongside of our customer support services.

Outlook for the coming year

Our operation in Romania will continue to provide support to our UK and French operating companies with modest growth expected. Our Vietnam operation will grow beyond the initial headcount of 50 over the coming year.

24/7/365
Dedicated Supoort

1st & 2nd line
remote support
and resolution

ISO 20000
(ITIL) accredited

Next generation
communications

Multi-lingual
customer service

One SLA
One contract
One point of contact

Secure service
desk location

Agility through peak
periods & business
change

End-to-end
service capabilities

Highlights

€13m
Turnover

10%
Turnover Growth

€730k
EBIT

6%
EBIT Growth

Operations

4
Locations

1,000+
Staff

€2.8bn
Contracts per year

200+
Vendor Solutions

97%
Customer Satisfaction

Investment

We have always sought to re-invest profits back into our business, maintaining a prudent dividend policy to ensure that funds are available for working capital and for investment both organically and where appropriate by acquisition.

The consolidated sterling equivalent turnover is expected to remain consistent with the last fiscal year despite underlying growth in Euro denominated revenues. In the UK, we expect some growth from services and stable product revenues, with the company's Data Centre Services set to continue its growth next year.

Data Centre Investments

In the UK we completed our current programme of investment in our Data Centres located in Birmingham and Hampshire. In the last financial year expenditure of £13m has delivered the 3000 rack capacity planned and brings our total investment to £60m. We will continue to invest where projected returns are supportive though expect lower investment in the UK during the coming financial year.

In France, we acquired Flow Line Technologies SAS, a Data Centre Infrastructure and Services business based in Paris and Lyon as we expand our services business in that territory.

Future Investments

An ongoing programme of investment is key to ensuring the long term success of the business. We continue to invest in our internal systems to deliver an enhanced customer and employee experience and continue to invest in the success of our business units organically and where appropriate by acquisition.

Cash is available from strong operating performance, tight overhead controls and dividend policies designed to enable reinvestment in the business. Debt capacity remains high supporting the prospects for further investment as required to grow greater returns to shareholders.

Investment in People

Investment in the right skills is important to ensure we provide the correct level of expertise to our customers. As we continue to transition the business to being key services led, the mix of skills required is changing our cost base.

Alongside of our investment in higher and more expensive skill sets, we review and carefully manage our overheads to ensure we have the right mix and scale of resources to match our business needs.

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and communications on the company's internal and external websites. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

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

Outlook

Our cash remained strong, finishing the year at £127m compared to £86m in the prior year. Banking facilities and long standing relationships exist with a number of major banks in France, Spain and the UK. Significant facilities are in place with HSBC Bank plc in France and in the UK, which meet our current and expected future operational needs.

We have strong, well managed operations in France and in the UK, both of which continue to generate cash. Our strategy to deliver growth in services profitability has delivered record performance in the last financial year and this approach will be maintained in the next.

Our Annuity business continues to grow and we look forward to the coming year with confidence, despite the uncertainties arising from significant political changes in the UK and EU. Whilst we are unable to predict the impact of these changes or their timing we have a sound strategy to continue to perform successfully in the future.

Principal Risks and Uncertainties

Competitive pressures in all of the markets where the group operates represent a continuing risk. The group manages this risk by providing high standards of service provision and through fast customer response times in the supply of products and in the handling of queries. Our operating companies benefit from a number of long standing relationships with many substantial suppliers and customers. All these relationships are the focus of significant management attention at all levels in the organisation to minimise any adverse impact on financial performance.

Key Performance Indicators

Our Key Performance Indicators (KPIs) are Earnings before Interest and Tax (EBIT), Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA), Turnover and Headcount. We comment in the performance review and investments sections of this report on the progress of these KPIs over the year.

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

James Rigby
Chief Executive

5 July 2017

The Directors present their annual report, audited financial statements of the group and auditor's report for the year to 31 March 2017.

Strategic Report

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

Our employee policy and disabled person policy is covered within the investment in people section of our strategic report, our charitable support and environmental policy is also covered in this report.

Summary Performance and Dividends Declared

The group's activities during the year generated turnover of £1.7bn, a growth of 9% over the prior year. Profit before tax of £23m was a 48% improvement over the £15m reported for the prior year.

A dividend of £7m was declared and settled by the company in the year. In the prior year dividends were declared of £13.5m of which £8.5m was paid in the year to 31 March 2017.

Risk Management

A significant part of the group's business is generated from the UK market where competitive pressure represents an ongoing and key risk. Uncertainty surrounding Britain's decision to leave the EU will inevitably impact our customer's investment decision.

In all territories we manage customer and competition risk through maintaining high levels of service, enjoy many long standing customer relationships and ensure management attention is properly focused on our customers. Having successfully managed our business through economic downturns in the past, we are confident that through maintaining good relationships with vendors and customers we will be agile enough to manage our business through the economic uncertainties we are currently experiencing.

Financial Risks

The group is primarily a UK and France based business financed by equity and external debt maintained to meet operational liquidity requirements. The group's functional currency is sterling. Transactions are denominated primarily in sterling for the UK and Central operations and in euros for the French and Spanish business.

Some transactions may be denominated in alternative currencies and where appropriate forward currency contracts are entered into to eliminate any exposure to foreign currency fluctuations. Our Romanian company trades in Euros and Lei, whilst our new business in Vietnam transacts in US Dollars and Vietnamese Dong. External financing facilities are denominated in sterling and in euros and are at floating market rates with no exchange rate derivatives in place.

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

Liquidity Risk

Liquidity is managed through efficient operational cash management processes combined with forward looking treasury policies designed to ensure that funding will always be available to meet projected peak requirements. At the 31 March 2017, the group had a cash position of £127.3m, compared to £85.9m in the prior period. Cash pooling arrangements are in place for the sterling facilities of the group's principal operating companies and efficient treasury operations across the group minimise net interest costs. Long standing banking relations are in place, notably with HSBC Bank plc. Facilities in France extend beyond the end of our next financial year and our UK facility has been extended to 2020. This £70m UK facility has been enhanced to provide a combination of recourse and non recourse financing designed to meet the peak requirements of the business during the year.

Counterparty risk is considered when selecting all funding partners and counterparty risk profiles are closely monitored.

As a wholly owned subsidiary of Rigby Group (RG) plc, the group has access to considerable funds for strategic use though these are not in use at 31 March 2017, nor have they been required during the year or the prior year.

Credit Risk

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

Receivables from certain customers have been sold under a non recourse financing arrangement with the group's principal bank HSBC. Although this arrangement does not reduce the business' operational risk, exposure to credit risk has been reduced.

Interest Rate Risk

Bank facilities are provided at floating rates which provide some exposure to variations in interest rates. Current levels of average debt and the associated interest rate risks are considered appropriate and there are no interest rate derivative contracts in place.

Events After The Balance Sheet Date

On 22 May 2017 M2 Digital Limited, signed a 10 year property lease for new premises in Manchester commencing on 9 July 2017. The annual commitment under this agreement is £136,987.

Research and Development Expenditure

During the last year we invested £1m in research and development activity which is driven by the need to develop innovative solutions to meet our customers' needs. Last year's expenditure was in line with our annual investment levels which exceed £2m per year on average over the last five years.

Going Concern

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

Current economic and political uncertainties in the UK and in relation to the country's decision to leave the EU, have been considered by the directors. Detailed budgets have been prepared for the coming financial year, which together with the groups mid-term planning process and policy on tight overhead control and review, provide confidence in the group's prospects despite the potential impact of such uncertainties.

Accordingly the directors have given consideration to the basis for which the financial statements should be prepared and have concluded that they have reasonable expectation that the group has access to the resources necessary to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in the preparation of the annual financial statements.

Directors and Directors' Indemnities

The following directors have held office since 1 April 2016:

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

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

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", (FRS102). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period.

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

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

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

Approval of Reduced Disclosures

As a qualifying entity, the group has taken advantage of the disclosure exemptions in FRS102, paragraph 1.12, in respect of preparing related party and financial instrument disclosures. The group's shareholders have been notified in writing about this intention to take advantage of the exemptions and no objections have been raised.

Auditor

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

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

Statement of Disclosure to the 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.

Approved by the Board of Directors and signed in behalf of the Board,

James Rigby
Chief Executive

5 July 2017

We have audited the financial statements of SCC EMEA Limited and subsidiary undertakings for the year ended 31 March 2017 which comprise the Consolidated Profit and Loss account, the Consolidated Statement of Other Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Balance Sheet, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Ireland".

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other 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 the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

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

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

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

Statutory Auditor
Birmingham
United Kingdom

7 July 2017

Consolidated Profit and Loss Account for the Year Ended 31 March 2017

	Notes	Continuing Operations 2017 £'000	Discontinued Operations 2017 £'000	Total 2017 £'000	Continuing Operations 2016 £'000	Discontinued Operations 2016 £'000	Total 2016 £'000
Turnover	3	1,683,779	1,071	1,684,850	1,540,846	8,542	1,549,388
Cost of Sales		(1,463,903)	(886)	(1,464,789)	(1,345,391)	(7,711)	(1,353,102)
Gross Profit		219,876	185	220,061	195,455	831	196,286
Administrative expenses		(195,662)	(177)	(195,839)	(177,320)	(1,111)	(178,431)
Other operating income		1,022	-	1,022	260	-	260
Operating profit/(loss)		25,236	8	25,244	18,395	(280)	18,115
Loss on disposal of operation	15	-	(373)	(373)	-	-	-
Finance costs	4	(2,193)	-	(2,193)	(2,695)	(137)	(2,832)
Profit/(loss) on ordinary activities before taxation	5	23,043	(365)	22,678	15,700	(417)	15,283
Tax on profit/(loss) on ordinary activities	8	(6,596)	-	(6,596)	(3,523)	(10)	(3,533)
Profit/(loss) for the financial year		16,447	(365)	16,082	12,177	(427)	11,750

The notes form part of these financial statements.

Consolidated Statement of Comprehensive Income
for the Year Ended 31 March 2017

	2017	2016
	£'000	£'000
Profit for the financial year	16,082	11,750
Currency translation differences on foreign currency net investments	2,681	2,909
Re-measurement of net defined benefit liability	(3,455)	-
Total Comprehensive Income	15,308	14,659
Profit for the financial year attributable to :		
Non-controlling interest	70	467
Equity Shareholders of the group	16,012	11,283
	16,082	11,750
Total Comprehensive Income attributable to :		
Non-controlling interest	70	478
Equity Shareholders of the group	15,238	14,181
	15,308	14,659

Consolidated Balance Sheet as at 31 March 2017

	Notes	2017 £'000	2016 £'000
Fixed Assets			
Intangible assets	12	28,340	23,954
Tangible assets	13	86,100	73,100
Investments	14	-	2
		114,440	97,056
Current assets			
Stocks	16	22,544	23,897
Debtors			
- due within one year	17	389,780	419,332
- due after more than one year	17	5,446	3,608
Cash at bank and in hand		127,340	85,938
		545,110	532,775
Creditors: amounts falling due within one year	18	(492,900)	(476,899)
Derivative financial liabilities	22	(400)	(784)
Net current assets		51,810	55,092
Total assets less current liabilities		166,250	152,148
Creditors: amounts falling due after more than one year	19	(20,781)	(20,088)
Provisions for liabilities and charges	20	(7,773)	(2,572)
Net assets		137,696	129,488
Capital and reserves			
Called-up share capital	23	6,178	6,178
Share premium account		149	149
Other reserves		3,117	3,117
Profit and loss account		128,039	119,901
Shareholders' funds		137,483	129,345
Non-Controlling interests		213	143
Total Capital Employed		137,696	129,488

Approved by the Board and authorised for issue on 5 July 2017 and signed on its behalf by:

James Rigby
Chief Executive
Company Registration Number 04279856
Registered in England and Wales

Company Balance Sheet as at 31 March 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Investments	14	72,726	79,343
		72,726	79,343
Current assets			
Debtors - Due within one year	17	51,158	54,773
Cash at bank and in hand		1,027	356
		52,185	55,129
Creditors: amounts falling due within one year	18	(40,475)	(53,573)
Net current assets		11,710	1,556
Net assets		84,436	80,899
Capital and reserves			
Called-up share capital	23	6,178	6,178
Profit and loss account		78,258	74,721
Shareholders' funds		84,436	80,899

Profit for the year dealt with in the financial statements of the parent company was £10,637,000 (2016: £14,048,000).

Approved by the Board and authorised for issue on 5 July 2017.

James Rigby
Chief Executive

Company Registration Number 04279856
Registered in England and Wales

Consolidated Statement of Changes in Equity

for the Year Ended 31 March 2017

	Called up share capital £'000	Share Premium Account £'000	Profit & Loss account £'000	Other reserves £'000	Total £'000	Non-controlling interest £'000	Total £'000
At 1 April 2015	6,178	149	119,220	3,117	128,664	105	128,769
Profit for the financial year	-	-	11,283	-	11,283	467	11,750
Currency translation differences on foreign current net investments	-	-	2,898	-	2,898	11	2,909
Total Comprehensive Income	-	-	14,181	-	14,181	478	14,659
Dividends paid/ declared to equity shareholders (note 10)	-	-	(13,500)	-	(13,500)	-	(13,500)
Dividends to non-controlling shareholders	-	-	-	-	-	(440)	(440)
At 31 March 2016	6,178	149	119,901	3,117	129,345	143	129,488
Profit for the financial year	-	-	16,026	-	16,026	56	16,082
Currency translation differences of foreign current net investments	-	-	2,667	-	2,667	14	2,681
Re-measurement of net defined benefit liability	-	-	(3,455)	-	(3,455)	-	(3,455)
Total Comprehensive Income	-	-	15,238	-	15,238	70	15,308
Dividends paid/declared to equity shareholders (note 10)	-	-	(7,100)	-	(7,100)	-	(7,100)
At 31 March 2017	6,178	149	128,039	3,117	137,483	213	137,696

Company Statement of Changes in Equity

for the Year Ended 31 March 2017

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 31 March 2015	6,178	74,173	80,351
Profit for the financial year and total comprehensive income	-	14,048	14,048
Dividends paid/declared (note 10)	-	(13,500)	(13,500)
At 31 March 2016	6,178	74,721	80,899
Profit for the financial year and total comprehensive income	-	10,637	10,637
Dividends paid/declared (note 10)	-	(7,100)	(7,100)
At 31 March 2017	6,178	78,258	84,436

There is no difference between the profit for the year and total comprehensive income.

Consolidated Cash Flow Statement

for the Year Ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Net cash flows from operating activities	24	83,506	22,398
Cash flows from investing activities			
Proceeds from sale of equipment		153	1,188
Purchase of equipment		(21,381)	(12,904)
Interest received		125	167
Loan to related parties		-	(202)
Disposal of subsidiary		(22)	-
Acquisition of subsidiary		(6,981)	-
Net cash flow used in investing activities		(28,106)	(11,751)
Cash flows from financing activity			
Dividends paid		(8,500)	(5,440)
New borrowings		6,257	-
Repayment of borrowings		(3,331)	(1,033)
Advances under finance leases receivable		222	-
Repayment of obligations under finance lease		(1,031)	(515)
Interest paid		(2,204)	(2,061)
Net cash flow used in financing activities		(8,587)	(9,049)
Net increase in cash and cash equivalents		46,813	1,598
Cash and cash equivalents at beginning of year		85,938	81,971
Net increase in cash and cash equivalents		46,813	1,598
Effects of foreign exchange rates		(5,411)	2,369
Cash and cash equivalents at end of year		127,340	85,938
Reconciliation of cash at bank and in hand			
Cash at bank and in hand at end of year		127,340	85,938
Cash and cash equivalents at end of year		127,340	85,938

1 SIGNIFICANT ACCOUNTING POLICIES

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

1.1 General information and basis of accounting

SCC EMEA Limited is a private company limited by shares incorporated in England and Wales in the United Kingdom under the Companies Act 2006. The registered office of the Company is provided in the Company Information section of this Annual Report. The nature of the group's operation and its principal activities are set out in the Strategic Report.

The financial statements are prepared under the historical cost convention, modified to include derivative financial instruments at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

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

SCC EMEA Limited 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, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to related parties, share based payments and financial instruments disclosures.

1.2 Basis of consolidation

The group financial statements consolidate the financial statements of SCC EMEA Limited and its subsidiary undertakings drawn up to 31 March 2017.

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

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

1.3 Going concern

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

The group's forecast and projections, taking account of reasonably possible changes in trading performance, show that the group would be able to operate within the level of its current banking facilities. The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.4 Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its expected useful economic life. In the opinion of the directors, the normal expected useful life will not exceed ten years. Provision is made for any impairment.

1.5 Intangible assets – software costs

Software costs are capitalised as intangible assets and amortised over the expected useful economic life on a straight line basis. This period is over one to five years. Provision is made for any impairment.

1.6 Investments

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

1.7 Intangible assets – other

Research expenditure is written off as incurred. 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 would be capitalised as an intangible asset and amortised on a straight line basis over the period during which the group expects to benefit. This period is between one to five years. Provision is made for any impairment.

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

Customer relationships	*11 years*
Trademarks, patents, licences	*2 years*

Provision is made for any impairment.

1.8 Associates and jointly controlled entities

In the group financial statements investments in associates and jointly controlled entities are accounted for using the equity method. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit and loss and other comprehensive income of the associate and jointly controlled entity. Goodwill arising on the acquisition of associates and jointly controlled entity is accounted for in accordance with the policy set out above. Any unamortised balance of goodwill is included in the carrying value of the investment in associates and jointly controlled entity.

In the Company's financial statements investments in associates are accounted for at cost less impairment.

1.9 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 Buildings	*50 years*
Leasehold Land & Buildings	*up to 40 years*
Fixtures and Equipment	*3 to 20 years*
Motor vehicles	*3 to 5 years*
Short leasehold improvements	*10 years*

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

Depreciation is not provided on assets in the course of construction until the asset is complete and ready for its intended use. 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. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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.

1.10 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 accounts 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.

1.11 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.

1.12 Employee benefits

For the retirement indemnity obligation arising in our French operations the amount charged to the operating profit are the costs arising from employee service during the period.

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.

Companies within the Group make contributions into 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.

1.13 Share based payments

The group has issued equity-settled and cash-settled share based payments to certain employees.

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

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

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

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

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

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

1.14 Financial Instruments

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

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

(i) 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.

(ii) Derivative Financial Instruments
The group holds a number of foreign currency forward contracts in order to reduce exposure to foreign exchange risk. The group does not hold or issue derivative financial instruments for speculative purposes.

Forward contracts are initially measured at fair value at the date the contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss arising being recognised in the profit and loss account.

(iii) Financial assets
For financial assets carried at amortised cost, the amount of an 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.

1.15 Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits 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 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. Deferred tax relating to property plant and equipment measured using the revaluation model and investment property is measured using the tax rate and allowances that apply to the sale of the asset.

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

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

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

1.16 Foreign currency

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

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

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

Forward foreign currency transactions are valued at fair value at the year-end using commercially quoted forward exchange rates using yield curves derived from interest rates matching maturities of the contracts.

1.17 Lease Accounting

Leased assets

Assets held under finance leases, hire purchase contracts and other similar arrangements which confer rights and obligations similar to those attached to owned assets are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease), and are depreciated over the shorter of the lease terms and their useful lives. The capital element of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

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

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

1.18 Borrowing costs

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

1.19 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.

1.20 Rebates and marketing income

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

1.21 Government grants

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

1.22 Contractual Obligations under Preferred Vendor Schemes

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

1.23 Provisions

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

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION OF UNCERTAINTY

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

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

2.1 Critical judgements in applying the group's accounting policies.

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

2.2 Key sources of estimation of uncertainty

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

Impairment of goodwill

There have been no events during the year which have required the group to undertake an impairment review and future projected profit more than justifies the carrying value of goodwill at the year end.

Stocks of Spare Parts

Spare parts used by the company to support customers of the Managed Services division have significant value to the business, enabling customers to be quickly supported without delays associated with procurement of low availability products. Levels of stocks of spare parts are reviewed by operational teams frequently to ensure all items are still required to support current customer contracts. Valuation of these items takes into account past frequency of use, age and the latest cost price. The directors consider that the combination of frequent operational review and cautious valuation method results in a prudent valuation of stocks which despite elements of uncertainty concerning future used and estimation in valuation does not result in any over-statement of the value attributed to these items.

Vendor Rebates

At the year-end, where vendor rebates remain unpaid, the amounts receivable are valued with reference to vendor performance reports and key performance measures where available. Where external confirmation is not available receivables are only recognised where they can be measured accurately in line with achieved scheme objectives using confirmed earnings rates and available performance data. Vendor rebate schemes may apply to periods which extend beyond the end of the financial year and an estimation in relation to the post year end period may be required to accrue the correct sum in the financial year. In making the assessment of the correct receivable, the directors take a prudent approach assuming a normal level of trading in the period after the end of the financial year to ensure that in year performance is not overstated.

Retirement Indemnity Provision

Provisions for retirement indemnity in our French operations are calculated by reference to key actuarial assumptions concerning the workforce. These assumptions include staff turnover rates, inflation and wage inflation and employee retirements dates.

3 TURNOVER

Analysis of Group turnover by geographical destination:

	2017 £'000	2016 £'000
United Kingdom	597,515	653,501
Continental Europe	1,084,019	885,956
Rest of World	3,316	9,931
	1,684,850	1,549,388

Analysis of Group turnover by geographical origin:

	2017 £'000	2016 £'000
United Kingdom	605,238	656,284
Europe	1,078,541	884,562
Rest of World	1,071	8,542
	1,684,850	1,549,388

Analysis of Group turnover by category

	2017 £'000	2016 £'000
Sale of goods	1,370,742	1,279,909
Rendering of services	313,148	268,460
Government grants	960	1,019
	1,684,850	1,549,388

The group has two primary sources of grant income. In the UK the grant received represents amounts received in respect of our Data Centre operations and is being released to the profit and loss account over the useful economic life of those assets. In Romania, the grant is in respect of job roles created and investment made in our global delivery centre. The grant income is recognised in the profit and loss account in accordance with the underlying costs incurred.

In the UK no further conditions need to be satisfied in respect of the grant received.
In Romania, it is a condition of the grant that the roles created are maintained for a period of five years from the date of the grant which extends to 2021 and that an appropriate level of taxes are paid within the period.

4. FINANCE COSTS (NET)

	2017 £'000	2016 £'000
Interest payable and similar charges	(2,461)	(3,243)
Less Investment Income	268	411
	(2,193)	(2,832)

	2017 £'000	2016 £'000
Interest payable and similar charges		
Interest on bank loans and overdrafts	(1,376)	(1,270)
Finance leases and hire purchase contracts	(517)	(496)
Interest in factoring arrangements	(49)	(104)
Other interest payable	(267)	(260)
Fair value adjustment on derivative instruments	(189)	(821)
Unwinding of discount on long term debtors/creditors	(63)	(292)
	(2,461)	(3,243)

	2017 £'000	2016 £'000
Investment income		
Income from investments	-	7
Interest receivable and similar income	112	167
Unwinding of discount on long term debtors/creditors	156	237
	268	411

Interest payable and similar charges includes net exchange losses on foreign currency borrowing of £77,000 (2016: £105,000).

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2017 £'000	2016 £'000
Depreciation of tangible fixed assets	10,029	9,087
Amortisation of intangible assets	2,449	1,950
Amortisation of goodwill	3,403	3,113
Government grant income	(960)	(1,019)
Operating lease rentals	13,205	9,723
Foreign exchange losses	77	105
Impairment of Investments	2	87
Gain on disposal of fixed assets	(118)	(104)

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

Impairment of stocks are included in cost of sales.

The analysis of auditors' remuneration is as follows:

	2017 £'000	2016 £'000
Fees payable to the company's auditor for the audit of the company's annual financial statements	12	12
Fees payable to the company's auditor and their associates for the audit of the company's subsidiaries pursuant to legislation	397	343
Total audit fees	409	355
Tax compliance services	24	27
Other taxation advisory services	8	32
Total non-audit fees	32	59

No services were provided pursuant to contingent fee arrangements.

6. STAFF COSTS

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

	Group		Company	
	2017 Number	2016 Number	2017 Number	2016 Number
Sales	873	736	-	-
Administration	2,477	1,767	9	8
Engineering	1,869	2,839	-	-
Warehouse	264	268	-	-
	5,483	5,610	9	8

Their aggregate remuneration comprised:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Wages and salaries	184,044	167,681	1,330	1,833
Social Security costs	48,385	40,900	78	79
Pension costs	2,503	4,033	32	30
	234,932	212,614	1,440	1,942

The above remuneration excludes redundancy payments for the group of £1,227,864 (2016: £2,259,363), for the company £nil (2016 £nil)

Pension costs relate to contributions into defined contribution schemes.

7. DIRECTORS' REMUNERATION AND TRANSACTIONS

Remuneration

The remuneration of the directors was as follows:

	2017 £'000	2016 £'000
Emoluments	159	153
Company contributions to money purchase pension schemes	10	6
	169	159

Pensions

The number of directors for whom retirement benefits are accruing under a defined contribution schemes is one (2016: one).

Highest paid director

Remuneration disclosed above includes the following amounts paid by SCC EMEA Limited to the highest paid director:

	2017 £'000	2016 £'000
Remuneration for qualifying services	159	153
Company contributions to money purchase pension schemes	10	6
	169	159

The highest paid director has no share options.

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

Total remuneration for these directors for the year was £959,000 (2016:£526,000). None of these directors are accruing pension benefits.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2017 £'000	2016 £'000
Current tax		
UK corporation tax	3,597	2,618
Foreign tax	2,573	1,717
	6,170	4,335
Adjustments in respect of prior years		
UK corporation tax	331	(249)
Foreign tax	(7)	(647)
Total current tax	6,494	3,439
Deferred tax		
Origination and reversal of timing differences	40	14
Adjustments in respect of prior years	88	85
Effect of changes in tax rates	(26)	(5)
Total deferred tax (see note 17)	102	94
Total tax on profit on ordinary activities	6,596	3,533

The standard rate for UK corporation tax is currently 20% (2016: 20%).

The Finance Act 2015 included legislation to reduce the main rate of UK corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. The 19% rate has been utilised in the financial statements for the purposes of calculating deferred tax assets and liabilities for the UK entities (2016: 19%). Deferred tax assets and liabilities of the foreign entities have been measured utilising the corresponding foreign standard rates of corporation tax substantively enacted at the balance sheet date.

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

	2017 £'000	2016 £'000
Factors affecting the tax charge for the year		
Profit on ordinary activities before tax	22,678	15,283
Tax on group profit on ordinary activities at standard UK Corporation tax rate of 20% (2016: 20%)	4,536	3,057
Effects of:		
Expenses not deductible for tax purposes	1,182	1,293
Income not taxable for tax purposes	(628)	(380)
Overseas tax relief	(164)	(123)
Transfer pricing adjustments	526	-
Utilisation of tax losses	(206)	(289)
Group companies with higher tax rates	964	563
Other overseas taxes	-	228
Adjustment in respect of prior years	412	(811)
Effect of tax rate changes	(26)	(5)
Group total tax charge for year	6,596	3,533

9. PROFIT ATTRIBUTABLE TO SCC EMEA LIMITED

The profit before dividends received or paid for the financial year dealt within the financial statements of SCC EMEA Limited was a loss of £5,145,000 (2016 loss - £4,202,000). Dividends received from subsidiaries during the year were £15,782,000 (2016 - £18,243,000) and dividends paid were £7,100,000 (2016 - £13,500,000). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company.

10. DIVIDENDS

	2017 £'000	2016 £'000
Amounts recognised as distributions to equity holders in the period:		
Interim dividend of nil (2016: 4.05p per share)	-	5,000
Proposed final dividend of 5.75p per share (2016: 6.88p)	7,100	8,500

The proposed final dividend was approved by the shareholders pre year end and as such has been offset against an intercompany receivable in these financial statements.

11. EMPLOYEE SHARE SCHEMES

Two companies within the group have issued shares under cash settled employee share schemes.

In M2 Smile Limited an employee share scheme existed over the B1 and C1 ordinary shares. The employee share schemes were eligible to be exercised during the 9 month period from 31 March 2016. Participants under the scheme were able to put their shares to Specialist Computer Centres plc at the prevailing market value of the shares. The pay-out for each class of share was contingent on future profit growth and was subject to an overall cap. Under the scheme a total of 11,862 shares were issued, the fair value of which at the issue date has been determined using on EBITDA multiple of the current and future planned earnings which have been discounted to reflect future uncertainty.

During the year end, the holders of the M2 Smile B1 ordinary shares and C1 ordinary shares put their shares to Specialist Computer Centres plc who purchased the full amount of the shares.

Specialist Computer Centres plc issued 'C', 'D' and 'E' ordinary shares under three employee share schemes in 2015 which may be exercised during a 6 month period from 1 July 2017.

Participants of the scheme can put their shares to SCC UK Holdings Limited at the prevailing market value of the shares. The pay-out for each class of share is contingent on profit growth and is subject to an overall cap.

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

The group's total liability arising in respect of these schemes at the balance sheet date was £2.0m (2016: £2.4m). This has been calculated internally based on the specific performance criteria of each scheme and the charge to the profit and loss account for the year was £0.7m (2016: £1.2m).

12. INTANGIBLE FIXED ASSETS

	Goodwill £'000	Software Costs £'000	Customer Relationships £'000	Trademarks, Patents & Licenses	Total £'000
GROUP					
Cost					
At 1 April 2016	44,023	20,472	-	-	64,495
Reclassifications	-	451	-	-	451
Acquisitions	4,123	670	3,145	116	8,054
Additions	-	2,193	-	-	2,193
Disposals	-	(785)	-	-	(785)
Exchange adjustments	1,942	383	-	-	2,325
As at 31 March 2017	50,088	23,384	3,145	116	76,733
Amortisation					
At 1 April 2016	25,748	14,793	-	-	40,541
Reclassifications	-	451	-	-	451
Charge for the year	3,403	2,100	290	59	5,852
Disposals	-	(413)	-	-	(413)
Exchange adjustments	1,638	329	(4)	(1)	1,962
As at 31 March 2017	30,789	17,260	286	58	48,393
Net Book Value					
At 31 March 2017	19,299	6,124	2,859	58	28,340
At 31 March 2016	18,275	5,679	-	-	23,954

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

There are no Intangible Fixed Assets in the Company.

13. TANGIBLE FIXED ASSETS

	Land and buildings Freehold £'000	Land and buildings Leasehold £'000	Fixtures and Equipment £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
GROUP						
Cost						
As at 1 April 2016	15,455	39,584	68,086	3,717	3,366	130,208
Additions	-	1,249	9,758	168	10,064	21,239
Acquisitions	-	6	709	16	-	731
Reclassifications	-	3,484	6,249	(443)	(8,288)	1,002
Disposals	-	-	(247)	(576)	-	(823)
Exchange Adjustments	6	1,827	450	4	-	2,287
As at 31 March 2017	15,461	46,150	85,005	2,886	5,142	154,644
Depreciation						
At 1 April 2016	4,761	16,118	33,503	2,726	-	57,108
Charge for the year	261	1,932	7,416	420	-	10,029
Reclassifications	-	92	1,353	(443)	-	1,002
Disposals	-	-	(133)	(529)	-	(662)
Exchange Adjustments	-	821	245	1	-	1,067
As at 31 March 2017	5,022	18,963	42,384	2,175	-	68,544
Net Book Value						
At 31 March 2017	10,439	27,187	42,621	711	5,142	86,100
At 31 March 2016	10,694	23,466	34,583	991	3,366	73,100

Included above are assets held under finance lease and hire purchase contracts as follows:

	Freehold	Leasehold	Fixtures and Equipment	Motor vehicles	Assets in the course of construction	Total
Net Book Value						
At 31 March 2017	-	11,117	71	578	-	11,766
At 31 March 2016	-	10,638	67	712	-	11,417

Leasehold land and buildings relates primarily to the lease on the French operations distribution warehouse in Lieusaint which expires in July 2022.

There are no Tangible Fixed Assets in the Company.

14. INVESTMENTS

	Company 2017 £'000	Company 2016 £'000
Ordinary shares in subsidiary undertakings	72,726	79,343

	Group 2017 £'000	Group 2016 £'000
Joint ventures	-	2

Subsidiary Undertakings	Company £'000
Cost and net book value	
At 1 April 2016	79,343
Share Capital Reduction	(6,617)
At 31 March 2017	72,726

On 28 April 2016 Rigby Group BV undertook a share capital reduction and settled the return of capital by way of offset against intercompany balances held with SCC EMEA Limited.

SCC EMEA Limited directly holds 100% of the ordinary share capital of two holding companies incorporated in England and Wales: SCC UK Holdings Limited and SCC Overseas Holdings Limited. It also directly holds 100% of the ordinary share capital of Rigby Group BV, incorporated in The Netherlands.

In addition the company indirectly holds 100% of the ordinary share capital of the following subsidiaries incorporated in England and Wales: Specialist Computer Centres plc; Specialist Computer Services Limited; Pyramid Human Resources Limited; M2 Smile Limited, M2 Digital Limited, SCC Data Centre Services Limited, QUALITYDELIGHT Limited, SCC Capital Limited and SCC (UK) Limited and of Rigby Capital SA; Rigby Group SAS; SCC SA; Large Network Administration SAS, Flow Line Technologies SASU, all incorporated in France and Specialist Computer Centres SL; Specialist Computer Services SL, both incorporated in Spain; S.C. SCC Services Romania S.R.L, Romania; Specialist Computer Centres Vietnam Company Limited, Vietnam; and SCD SA, Morocco.

The group indirectly holds a 55% investment in the ordinary share capital of Recyclea SA, incorporated in France and a 50% investment in the ordinary share capital of Best'Ware Algérie SPA, a joint venture registered in Algeria.

	Group
Joint ventures	**£'000**
Cost or share of net assets	
At 1 April 2016	97
Exchange adjustments	-
As at 31 March 2017	97
Provision for impairment	
At 1 April 2016	(95)
Created during the year	(2)
Exchange adjustments	
At 31 March 2017	(97)
Net book value	
At 31 March 2017	-
At 31 March 2016	2

15. ACQUISITION AND DISPOSAL OF SUBSIDIARY UNDERTAKINGS

On 1st April 2016 the group acquired 100 per cent of the issued share capital of Flow Line Technologies SAS, a company whose primary activity is Data Centre and Integration Services, paid for out of existing cash reserves. The fair value of the total consideration was £6,926,000.

	Book Value £'000	Fair Value adjustment £'000	Fair Value to Group £'000
Fixed Assets			
Intangible fixed assets - Software	125	(125)	-
Intangible fixed assets - Trade marks, Customer relationships	-	3,261	3,261
Tangible fixed assets	702	-	702
Current Assets			
Cash	304	-	304
Prepayment and other debtors	254	(118)	136
Stock	4	-	4
Total Assets	1,389	3,018	4,407
Creditors			
Accruals	(312)	-	(312)
Deferred revenue	(246)	-	(246)
Deferred tax	-	(1,046)	(1,046)
Total Liabilities	(558)	(1,046)	(1,604)
Net Assets	831	1,972	2,803
Goodwill			4,123
			6,926
Satisfied by			
Cash			6,572
Legal and other fees			354
			6,926

In the year ended 31 March 2017, turnover of £7,494,000 and profit of £451,000 was included in the consolidated profit and loss account in respect of Flow Line Technologies SAS since the acquisition date. The goodwill has a useful life of 10 years.

On 11th May 2016 the Group sold its 100% holding in Specialist Computer Distribution FZE to a Rigby Group (RG) plc company for €1 giving rise to a loss on disposal of £373,000.

On 20th July 2016 the group acquired 100 per cent of the issued share capital of Pyramid Human Resources Limited, a company whose primary activity is Payroll Services, paid for out of existing cash reserves. The fair value of the total consideration was £452,000, with £100,000 of this deferred for one year.

	Book Value £'000	Fair Value Adjustments £'000	Other Adjustments £'000	Fair Value to Group £'000
Fixed Assets				
Intangible fixed assets - Software	2,000	(1,330)	-	670
Tangible fixed assets	74	(34)	(11)	29
Current Assets				
Debtors	35	(12)	2	25
Total Assets	2,109	(1,376)	(9)	724
Creditors				
Bank loans	(14)	-	(1)	(15)
Trade creditors	(3)	-	-	(3)
Accruals	(39)	-	9	(30)
Deferred revenue	-	(97)	-	(97)
Corporation tax	(18)	-	22	4
Dilapidation provision	-	(5)	-	(5)
Deferred tax	-	(126)	-	(126)
Total Liabilities	(74)	(228)	30	(272)
Net Assets	2,035	(1,604)	21	452

There was no goodwill recognised on this purchase as the purchase price was equivalent to the fair value of the assets acquired.

	£'000
Satisfied by	
Cash	350
Deferred Consideration	100
Legal and other fees	2
	452

In the year ended 31 March 2017, turnover of £88,000 and loss of £72,000 was included in the consolidated profit and loss account in respect of Pyramid Human Resources Limited since the acquisition date.

At 31 December 2016, the trade and assets of Pyramid Human Resources Limited, were transferred at net book value to Specialist Computer Services Limited.

16. STOCKS

	Group 2017 £'000	Group 2016 £'000
Goods held for resale	20,200	21,400
Maintenance stock	2,344	2,497
	22,544	23,897

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

17. DEBTORS

Amounts falling due within one year:

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Trade debtors	211,749	253,020	28	62
Amounts owed by group undertakings	51,539	49,734	49,681	53,058
Other debtors	27,300	25,215	477	34
VAT	768	495	43	-
Group relief debtor	-	-	812	1,524
Corporation tax	3,578	3,438	-	-
Prepayments and accrued income	94,160	86,741	84	76
Deferred taxation	686	689	33	19
	389,780	419,332	51,158	54,773

Trade debtors include receivables which act as security for confidential invoice discounting facilities.

Amounts falling due after more than one year:

	Group 2017 £'000	Group 2016 £'000
Trade debtors	5,319	3,608
Deferred Tax	127	-
	5,446	3,608

17. DEBTORS (continued)

Deferred Taxation

The group's net deferred tax asset comprises:

	2017 £'000	2016 £'000
Deferred tax asset		
- Recoverable within one year	686	689
- Recoverable after more than one year	127	-
Deferred tax provision - payable in more than one year	(1,584)	(221)
	(771)	468

	Group £'000	Company £'000
At 1 April 2016	468	19
(Charge)/credit to profit and loss account (see note 8)	(102)	14
Movement arising from the acquisition of business	(1,172)	-
Exchange adjustments	35	-
At 31 March 2017	(771)	33

The deferred tax (liability) / asset is made up as follows:

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Depreciation on revaluation of non-qualifying assets	(988)	(1,016)	-	-
Depreciation in excess of capital allowances	(721)	793	-	-
Tax losses available	261	-	-	-
Other timing differences	677	691	33	19
Undiscounted (liability) / asset for deferred taxation	(771)	468	33	19

Deferred taxation asset not provided are made up as follows:

Group	2017 £'000	2016 £'000
Tax losses available	7,504	7,933
Retirement benefits	1,774	654
	9,278	8,587

A deferred tax asset amounting to £7,504,000 (2016 - £7,933,000) in respect of overseas trading losses has prudently not been recognised due to limited opportunities to relieve future expected profits under local tax legislation

There is no un-recognised deferred tax in the company at 31 March 2017 (2016: £nil).

18. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2017 £'000	Group 2016 £'000	Company 2017 £'000	Company 2016 £'000
Obligations under finance leases and hire purchase contracts (see note 21)	953	998	-	-
Bank loans and overdrafts (see note 21)	4,287	1,062	-	-
Trade creditors	351,948	338,108	37	1
Corporation tax	-	1,048	-	-
Group relief creditor	2,927	-	-	-
Amounts owed to group undertakings	337	45	39,873	53,074
Other taxation and social security	20,318	27,638	-	-
Other creditors	32,195	30,493	-	-
Government grants	103	103	-	-
Deferred consideration	100	-	-	
Accruals and deferred income	79,732	77,404	565	498
	492,900	476,899	40,475	53,573

19. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2017 £'000	Group 2016 £'000
Obligations under finance leases and HP contracts (see note 21)	8,402	8,508
Bank loans (see note 21)	4,690	3,295
Accruals and deferred income	3,401	2,108
Government grants	664	767
Trade creditors	3,624	5,410
	20,781	20,088

20. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	Retirement Indemnity Provision £'000	Deferred Tax £'000	Property Provisions £'000	Total £'000
At 1 April 2016	2,208	221	143	2,572
Charged to the profit and loss account	165	1,363	231	1,759
Charged to other comprehensive income	3,455	-	-	3,455
Utilised	-	-	(143)	(143)
Exchange adjustments	130	-	-	130
At 31 March 2017	5,958	1,584	231	7,773

Property provisions brought forward comprise onerous lease provisions which have been utilised during the year. During the year a provision for dilapidations has been created which should be fully utilised within the next financial year. The retirement indemnity provision relates only to a statutory obligation in our French entities, see note 26.

21. BORROWINGS

	Group 2017 £'000	Group 2016 £'000
Bank loans	8,977	4,350
Loans secured on trade receivables	-	7
Obligations under finance leases	9,356	9,506
	18,333	13,863

Borrowings are repayable as follows	Group 2017 £'000	Group 2016 £'000
Within one year	5,240	2,060
Between one and two years	2,850	3,973
Between two and five years	5,485	2,570
More than five years	4,758	5,260
	18,333	13,863

Finance Leases	Group 2017 £'000	Group 2016 £'000
Due within one year	953	998
In more than one year but no more than two years	1,497	835
In more than two years but no more than five years	2,147	2,413
After five years	4,759	5,260
	8,403	8,508

At 31 March 2017, bank borrowings comprised the following:

In the UK the invoice discounting facility with HSBC has been further extended until 2020 and enhanced to provide a combination of recourse and non-recourse financing. This £70m facility provides capacity for SCC plc to be adequately financed to meet peak borrowing requirements which fluctuate during the year in line with the normal variability in transaction activity.

M2 Smile Limited has an outstanding loan of £2,740,000. The loan is subject to interest at 3% above LIBOR and is repayable partly in instalments with the balance due in March 2018.

In France, there is a receivables finance facility under which borrowings are secured over the trade receivables of SCC SA. This facility is subject to interest at a margin of 0.55% over cost of funds. The facility is due to expire in April 2018. Unsecured overdraft facilities of €32.3 million exist in the French subsidiaries, which are subject to rates of between 0.5% and 0.9% over Euribor. Large Network Administration SAS has an outstanding loan of €0.6 million from OSEO SA, which is subject to interest at 3.8% p.a. and is repayable in equal instalments up to June 2018.

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

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

22. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 £'000	2016 £'000
Group		
Liabilities - Forward foreign currency contracts	400	784

Forward foreign currency transactions are valued at fair value at the period end using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

The following table details the forward foreign currency contracts outstanding at the year-end:

			Nominal value		Fair value	
	2017 Rate	2016 Rate	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Buy US Dollar						
Less than 3 months	1.247	1.409	9,025	7,799	9,023	7,650
Buy Euros						
Less than 3 months	1.164	1.265	1,277	158	1,274	159
			10,302	**7,957**	**10,297**	**7,809**
Sell Euros						
Less than 3 months	1.256	1.352	1,117	1,793	1,202	1,925
In 4 months to 1 year	1.327	1.346	1,525	4,179	1,741	4,485
Between 1-2 years	1.313	1.330	695	2,113	789	2,262
Between 2-3 years	-	1.298	-	981	-	1,029
			3,337	**9,066**	**3,732**	**9,701**

The group has entered into contracts with suppliers to buy goods in US Dollars. The group has also entered into contracts to supply goods to customers in Euros. The group has entered into forward foreign currency transactions to hedge the exchange rate risk arising from these anticipated future transactions, which are considered by management as hedges of foreign exchange risk in a highly probable forecast transaction. The hedged cash flows are expected to occur and to affect profit or loss within the next 3 financial years.

A net loss of £25,000 was recognised in the profit and loss account in excess of the fair value of the hedging instruments (2016: £49,000).

23. CALLED-UP SHARE CAPITAL AND RESERVES

	2017 £'000	2016 £'000
Allotted, called-up and fully-paid		
123,561,907 Ordinary shares of 5p each	6,178	6,178
	6,178	6,178

The group's reserves comprise the following:

Profit and loss reserve which comprises the accumulated profits and losses of the group net of any dividends paid.

Share Premium Account represents the premium paid on the issue of share capital.

Other reserves comprises £3,289,000 arising on the acquisition of Prime Properties Developments Limited in 2003, less £172,000 merger reserve adjustments which arose on the merger of SCC UK Holdings Limited and Specialist Computers International Limited during the year ended 31 March 2004.

24. NET CASH FLOWS FROM OPERATING ACTIVITIES

	2017 £'000	2016 £'000
Operating profit	25,244	18,115
Adjustment for:		
Impairment of Investments	2	87
Depreciation of tangible fixed assets	10,029	9,087
Amortisation of intangible fixed assets	5,852	5,063
(Profit)/Loss on sale of tangible fixed assets	(118)	104
Operating cash flow before movement in working capital	41,009	32,456
Decrease in stocks	2,046	3,513
Decrease/(Increase) in debtors	37,864	(10,802)
Increase in creditors	4,160	3,137
	85,079	28,304
Income Tax Paid	(1,573)	(5,906)
Cash generated by operations	83,506	22,398

25. CONTINGENT LIABILITIES

There are cross guarantees on the overdrafts and bank loans of certain undertakings in the UK group of companies owned directly or indirectly by SCC EMEA Limited. At 31 March 2017, the indebtedness of the UK group undertakings amounted to £54,616,716 (2016- £95,894,000).

26. EMPLOYEE BENEFITS

RETIREMENT INDEMNITY PROVISIONS

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

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

	2017 %	2016 %
Inflation rate	1.0	1.0
Wage inflation	1.0	1.0
Discount rate	1.9	2.25
Staff Turnover Rates:		
<34 years	19.5	
35 – 44 years	10.0	
45 – 54 years	5.1	
>55 years	4.8	

An average staff turnover rate of 10% was applied in 2016.

Amounts recognised in the profit and loss account in respect of these obligations is as follows:

	2017 £'000	2016 £'000
Current service cost	165	360
Total amount charged in profit and loss account	165	360
Recognised in other comprehensive income	3,455	-
Total cost relating to Retirement Indemnity Provision	3,620	360

The average duration of the benefit obligation is 23.6 years (2016 23.6 years).

The movement in the provision is detailed in note 20.

27. RELATED PARTY TRANSACTIONS

Within the group the following loans arrangement existed with certain directors.

Unsecured non-interest bearing loans, repayable on 30th April 2016, made to three directors of M2 Smile Limited, were outstanding during the year. The amount of the liability, including interest to the Company at the beginning of the year was £353,000, the maximum during the year was £353,000, and at the end of the year was £Nil. No interest was charged during the year. During the year the loans were repaid in full.

An unsecured 4% loan, repayable on 31 August 2016 made to a director of M2 Digital Limited during the year, was outstanding during the year. The amount of the liability, including interest due to the group at the beginning of the year was £202,192, the maximum amount during the year was £202,192 and at the end of the year was £Nil. Interest charged during the year was £2,192. During the year the loan was repaid in full.

An unsecured 3.4% loan, repayable on 20th July 2017 made during the year to a director of Specialist Computer Centres plc was outstanding at the year end. The amount of the liability including interest due to the group was £255,915. Interest charged during the year was £5,915.

28. FINANCIAL COMMITMENTS

	2017 £'000	2016 £'000
Capital commitments are as follows:		
Contracted but no provided for:-		
- Property, non-finance leases	-	5,237

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

	2017		2016	
Group	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Within one year	3,480	3,440	6,286	3,798
Between two and five years	22,071	5,300	20,366	3,927
In over five years	27,441	-	12,007	-
	52,992	8,740	38,659	7,725

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

The Company had no financial commitments at either year end.

29. CONTROLLING PARTY

Ultimate parent undertaking

The company is a subsidiary undertaking of Rigby Group (RG) plc, a company registered in England and Wales which is also the largest group preparing consolidated financial statements which are available from its principal place of business being Bridgeway House, Stratford upon Avon, Warwickshire, CV37 6YX.

Ultimate controlling body

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

30. POST BALANCE SHEET EVENTS

On 22nd May 2017 M2 Digital Limited signed a 10 year property lease for new premises in Manchester commencing on 9th July 2017. The annual commitment under this agreement is £136,987.

On 4th May 2017 Rigby Group SAS subscribed 100% of the share capital of a new company Altimance SAS, a company registered in France, for €50,000. The company is based in Valenciennes near Lille and will provide service desk support services to the customers of SCC SA.

Directors	Sir Peter Rigby Ms P Rigby Mr J Rigby Mr S Rigby Mr HW Campion Mr P Whitfield
Company Secretary	Mr O G 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 Bank plc 120 Edmund Street Birmingham, West Midlands B3 2QZ United Kingdom Societe Generale SA 33 Avenue de Wagram BP963-75829 Cedex 17 Paris, France Credit Industriel et Commercial SA 57 Rue de la Victorie 75452 Cedex 09 Paris, France
Lawyers	Gowling WLG (UK) LLP 2 Snowhill Birmingham West Midlands B4 6WR United Kingdom
Company Number	04279856

Entity	Registered offices
Specialist Computer Centres plc **Specialist Computer Services Limited** **Pyramid Human Resources Limited** **SCC UK Holdings Limited** **SCC Overseas Holdings Limited** **SCC (UK) Limited** **SCC Data Centre Services Limited** **SCC Capital Limited** **QUALITYDELIGHT Limited**	James House Warwick Road Birmingham West Midlands B11 2LE United Kingdom
M2 Digital Limited and **M2 Smile Limited**	PO Box 2000, 380 Chester Road, Manchester, M16 9EA, United Kingdom
Rigby Group SAS and **SCC SA**	96 Rue des 3 Fontanot, 92000, Nanterre, France
Rigby Capital SA and **Large Area Network Administration SA**	91 Rue Salvador, Allende 92000, Nanterre, France
Flow Line Technologies SAS	575-655 Batiment D, 575 Alle Des Parcs 69800 Saint Priest, France
Recyclea SAS	Rue Michel Faye, 03410 Domerat, France
SCD SA	11 Rue Ibo Toufail, Res Ibnou Toufai 1er etage, Palmier, Casablanca, Morocco
Specialist Computer Centres SL and **Specialist Computer Services SL**	Avenida de los Encuartes, 19-2°C, 28760 TRES CANTOS (Madrid), Spain
S.C SCC Romania S.R.L	2 Niciman Street, Postal code 700521, Iasi, Romania
Specialist Computer Centres Vietnam Company Limited	8th Floor, Mapletree Business Centre, Nguyen Van Linh Boulevard, District 7, Ho Chi Minh City, Vietnam
Rigby Group BV	Gondel 1, 1186MJ, Amsteleeven
Best'ware Algerie SPA	45 Rue Fernance, Hanafi, Algiers, 16040, Algeria

We make IT work

scc.com

online@scc.com

+44 (0) 121 766 7000

James House
Warwick Road
Birmingham
B11 2LE