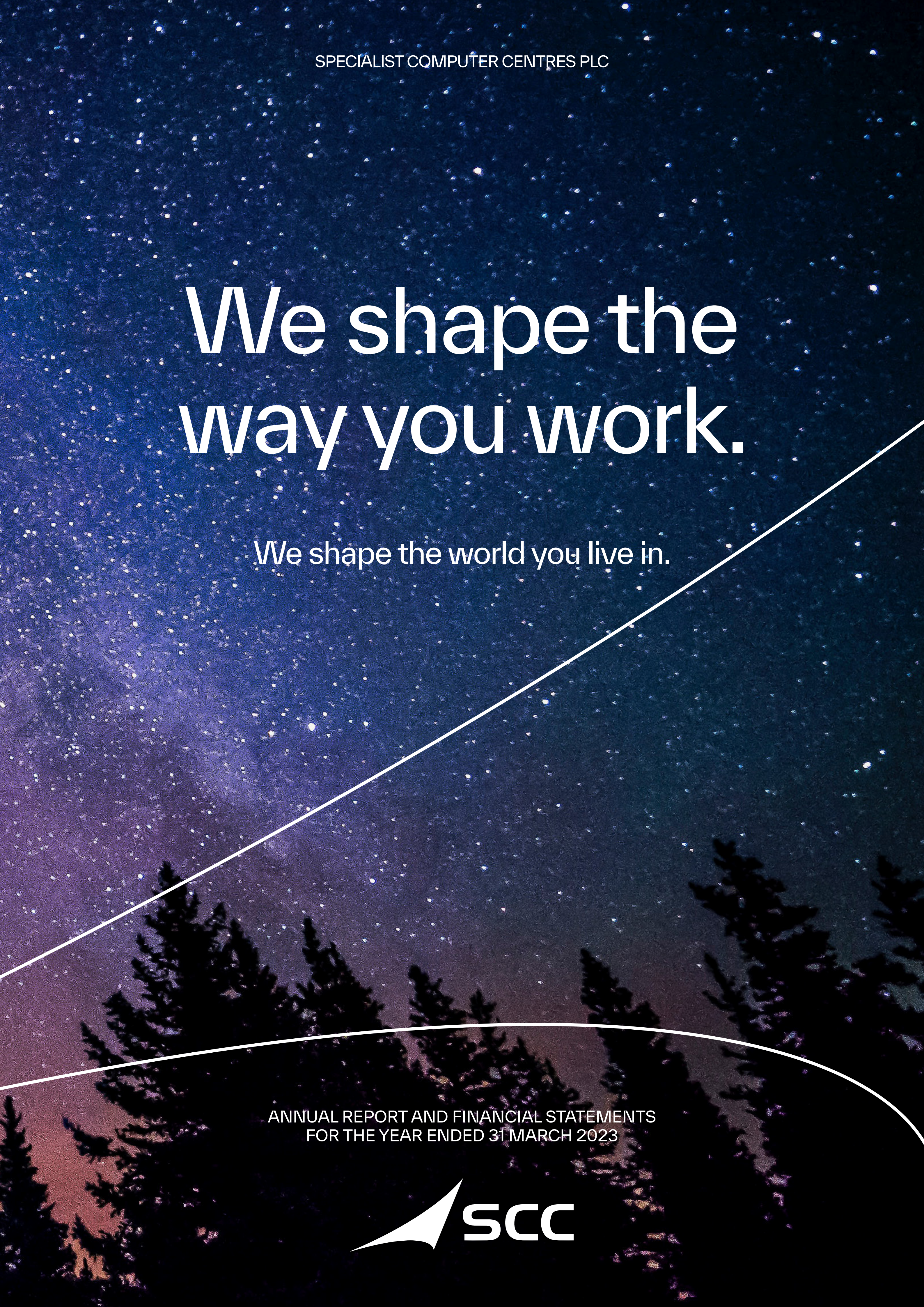


SPECIALIST COMPUTER CENTRES PLC

We shape the way you work.

We shape the world you live in.

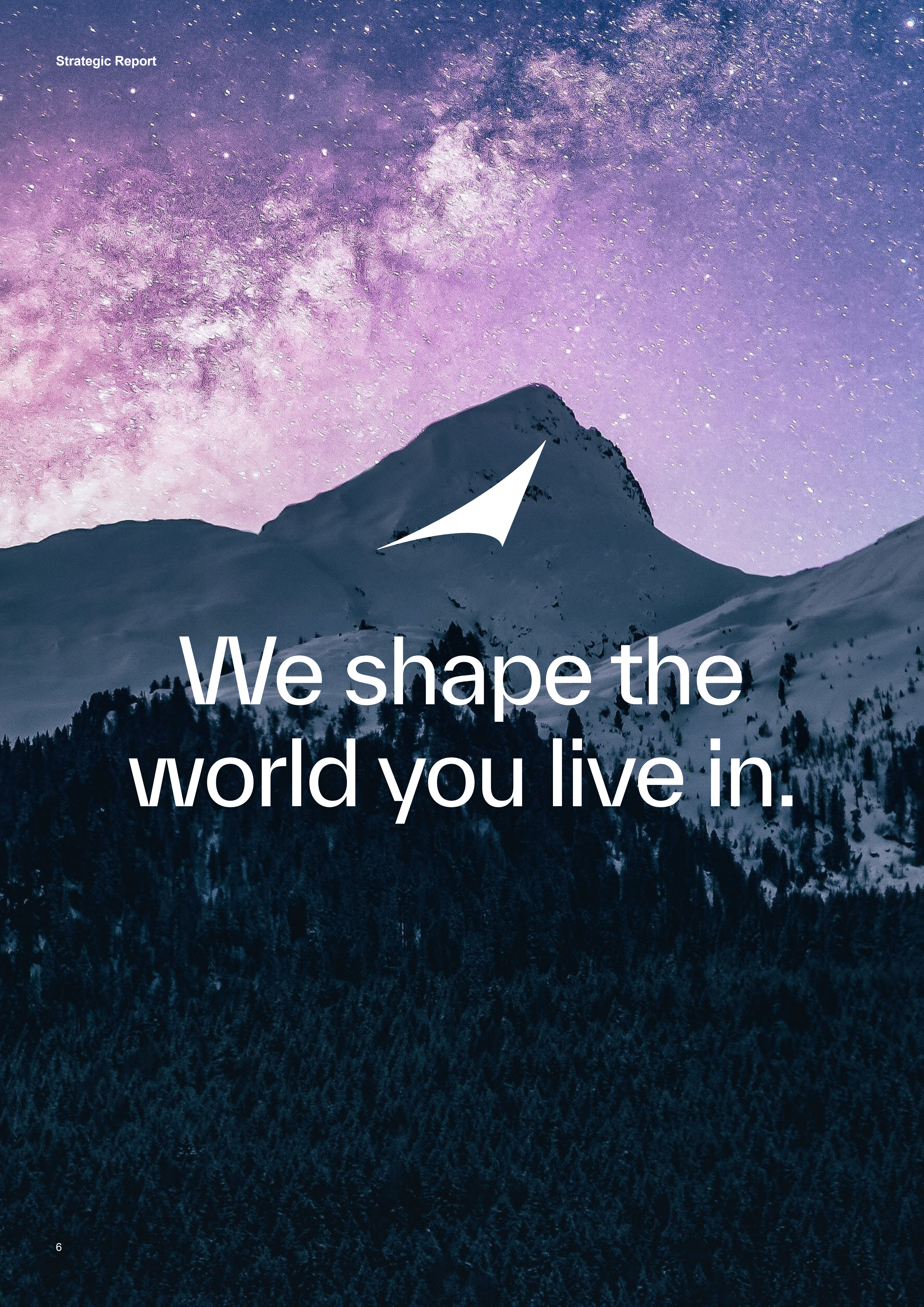
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

We shape the way you work.

Annual Report and Financial Statements
for the year ended 31 March 2023.

SCC.COM

SUCCEEDING THROUGH IT TRANSFORMATION AND EXCEPTIONAL CUSTOMER EXPERIENCES.



We shape the world you live in.

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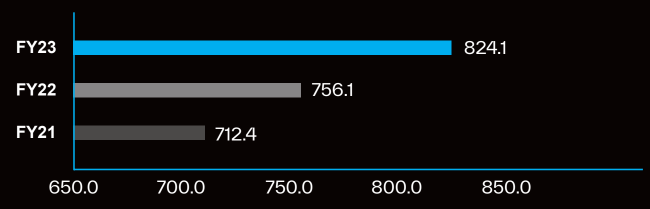
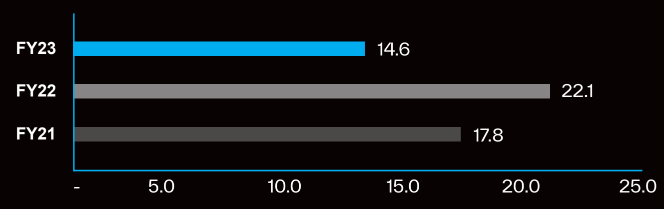
FINANCIAL HIGHLIGHTS.

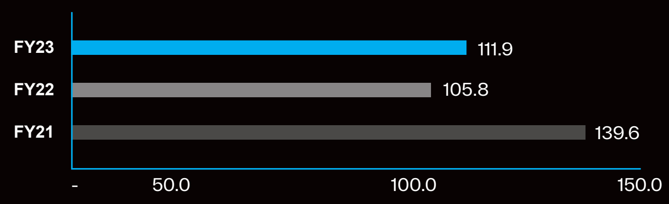
Turnover £m



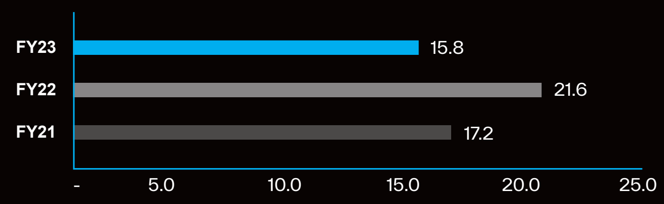
Operating Profit £m



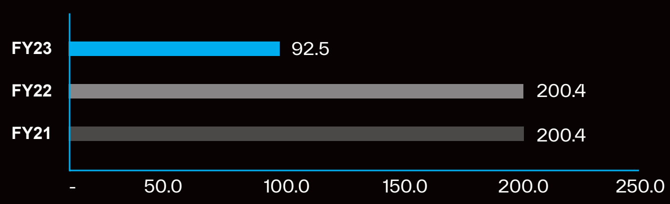
Net Asset £m



Profit before Tax £m



Cash £m



'OUR VISION IS TO BE THE MOST CUSTOMER AND EMPLOYEE CENTRIC IT SYSTEMS INTEGRATOR IN THE UK'.

JAMES RIGBY
DIRECTOR
SCC EMEA CEO

STRATEGIC REPORT
JAMES RIGBY'S REVIEW

I am pleased to present our Annual Report for the year ended 31 March 2023, a year which saw SCC continue to thrive.

Record revenues of £824m (2022: £756m) demonstrate that our focus on putting our customers first and investing in our business is yielding results. The year has also seen a marked stabilisation of the technology market post the Covid 19 pandemic and increased economic volatility.

The resulting lower operating profit of £15m (2022: £22m) should not detract from what has been a very successful year for us and I am confident that the investments we are making now will deliver enhanced financial performance in the future.

Our vision is to be the most customer and employee centric IT systems integrator in the UK. We have an excellent customer base and SCC Plc is an instrumental part in helping them to transform their business. I would like to thank our customers for putting your confidence and trust in us. The trust that is placed in us is underwritten by our amazing people without whom we could not operate our business. Thank you to all of my colleagues for your hard work and dedication to servicing our customers, and for your flexibility in a world that changes increasingly quickly.

Alongside our responsibility to our customers and people, our broader ESG (Environmental, Social and Corporate Governance) agenda has developed significantly this year. I am very proud of the support that we provide to our local communities and several charities, much of this through the Rigby Foundation. We also continue to challenge ourselves around our environmental commitments, achieving several new accreditations over the year.

Our performance this year varied across our business. Overall, product sales growth of £629m (2022: £552m) was strong with revenues increasing by 13.8%. The strength in product sales spread across all sectors - public sector, commercial and our partner portfolio. It is also notable that during the second half of the year, industry supply shortages eased significantly. We experienced peak inventory levels in summer 2022, with levels returning to a close to normal level by the end of the year.

Performance was more challenged across our services portfolio. Notably, we saw increased take-up of our software asset management services, acquired from Civica last year. However, document services and print services remain well below pre-pandemic levels and we expect volumes to stay at this reduced level moving forward. Our core Managed Services performance remained broadly flat.

We have seen a return to more normal levels of workplace solution implementations post pandemic.

We are very pleased with the progress that we have made in establishing our new Hyperscale and Cyber practices. Both businesses are growing according to plan with wide-ranging capabilities now stood up and some excellent contract wins already in place. We will continue to grow these practices and develop further offerings over the coming year as we build for the future. Whilst we have seen growth in public cloud, our private cloud business margins have decreased and this has reduced our overall services profitability.

'DIGITAL TRANSFORMATION REMAINS A TOP INVESTMENT PRIORITY FOR OUR CLIENTS AND, IN MANY CASES, A ROUTE TO GREATER EFFICIENCY'.

JAMES RIGBY
DIRECTOR
SCC EMEA CEO

Our cost base has increased significantly over the course of the year. A significant portion of this is a direct result of our investment plans. We have increased the size of the sales force to take advantage of market opportunities and have created new capability in-house, including our Hyperscale and Cyber investments. We believe these are sound investments for the future, albeit this does place some short-term pressure on current profitability.

Additionally, we have seen many other costs returning to pre-pandemic levels, especially in the form of travel and wage inflation. This has been felt particularly in our services business, where margins have reduced as a result.

Our acquisition program has also continued. Following the acquisition of Civica's licensing and cloud software lifecycle business last year, in May 2022 we completed the acquisition of the audiovisual specialist Visavvi. In March 2023 we acquired Vohkus, which adds scale to our reselling business. Vohkus' client base, several of whom are true enterprise-scale clients, would otherwise have taken us a long time to win. We plan to offer these new customers access to SCC's enhanced portfolio of products and services.

Investment has also continued in our internal IT platforms and upgrading our workplaces. Significant elements of these programmes will be completed during the forthcoming year.

Prevailing economic conditions in our main markets remain challenging. Whilst we see continued demand from our customers, we are witnessing slower decision-making from clients and a greater focus on controlling costs. Nevertheless digital transformation remains a top investment priority for our clients and, in many cases, a route to greater efficiency. Accordingly we expect to see continued robust demand for our products and services and we will focus on strong, pragmatic execution to accompany our clients on this journey.

Overall, I remain very positive about our prospects for the coming year and beyond.

JAMES RIGBY
DIRECTOR
SCC EMEA CEO

CHAIRMAN'S STATEMENT SCC PLC

I am delighted to once again be presenting excellent results for the fiscal year 2023.

In my statement last year, I reflected on the efforts and perseverance of the remarkable SCC team, combined with the leadership of Rigby Group Co-Chief Executives James and Steve Rigby.

This year, despite stubborn challenges continuing to disrupt the economy, I am delighted to once again be presenting excellent results for the fiscal year 2023.

The continued progress of SCC plc (SCC) has been marked by significant challenges and opportunities, and I am proud to say that our team has navigated through them with resilience, innovation, and unwavering commitment.

SCC's leadership team, which we have invested in during the year, have continued to demonstrate agile management, taking decisive action and delivering strategic initiatives that align with the long-term vision we have for the business.

The global pandemic is becoming more of a distant memory, but its legacy and impact live on, particularly when it comes to technology. The year, again witnessed profound transformations in the IT landscape, as digitalisation and technology became more integral to every aspect of our lives and businesses.

SCC has been at the forefront of driving this digital revolution, empowering organisations across various sectors to thrive in a rapidly evolving world. Through our dedication to service excellence, we have solidified our position as a trusted partner in delivering cutting-edge solutions that drive growth, efficiency, and digital transformation. Investment has accelerated and we have also continued to develop and implement innovative new business initiatives and investment opportunities, including key acquisitions to help us scale and modernise our service offering.

SCC is the driving force behind Rigby Group, a family of many different companies in 20 countries worldwide, with more than 8,500 people focused principally on technology led business. In the UK, we see as much opportunity for growth and expansion today as we did when SCC was first established 48 years ago.

This will remain the case as we look ahead to 2024 and beyond. Investment is essential to a healthy future, and we remain firmly committed to investing in our business, our people and new technologies for strategic and sustainable growth.

During the year, Rigby Group launched a £300m technology investment programme to underpin SCC's continued growth, targeting significant purchases in a multi-year strategy aimed at consolidating the company's position as Europe's largest private investor in technology.

With significant recent organic investments in new areas of operation including Data, Cyber and Hyperscale already helping deliver results, this five-year acquisition strategy will further cement SCC's company's position in the technology market.

Rigby Group's core has always been technology innovation and we intend to focus future growth on these investments.

Innovation is the lifeblood of our industry, and SCC has continued to drive innovation at every turn. From artificial intelligence and machine learning to blockchain and Internet of Things (IoT), we are leveraging emerging technologies to provide our customers with a competitive edge.

Our family owned structure and values enable us to stay ahead of the curve. We have always been able to anticipate industry trends, adapt to changing needs, and deliver sustainable value to our customers and our people, who sit at the heart of our business.

Rigby Group’s established charity, The Rigby Foundation, continues to proactively support sustainable charitable initiatives through donations and corporate social responsibility programmes in our operating businesses.

In recognition of many young people who now more than ever need help and support in developing their IT skills, SCC and the Foundation last year launched the SCC Academy based in Birmingham. Since its opening, 300 people have enrolled on an Essential Digital Skills level 1,2 or 3 course.

In total, 500 people have used SCC Academy, with the centre hosting internal training sessions, higher level courses with Firebrand, and events dedicated to promoting digital skills and lifelong learning in partnership with The Princes Trust and Young Adults Foundation Trust. SCC Academy began offering apprenticeship programmes from Spring 2023, and is also working closely with SCC to train Field Engineers.

Looking ahead to 2024, our sister company SCC in France is proud to be an official sponsor of the Paris 2024 Olympic and Paralympic Games, the biggest ever sporting event to be hosted in France. Aside from sponsoring, SCC France won the contract to provide and service all the technology for the event, including procurement and supply of IT, audiovisual, print and mobile equipment, with a full recycling service in line with the digital responsibility and circular economy.

We will deploy more than 500 people, with our sponsorship bringing employees,technology partners and customers together to celebrate the sponsorship, which is a high point in the history of our group.

We have made significant strides in developing our ESG strategy, which will seek to enshrine our ESG initiatives within the heart of the company, ensuring that the values developed over almost fifty years remain in place for the next fifty.

We recognise the importance of sustainable business practices. We remain committed to minimising our environmental impact, promoting diversity and inclusion, and giving back to the communities in which we operate.

This year, we launched several initiatives as explained on pages 40-42 aimed at reducing our carbon footprint, promoting ethical sourcing, and supporting local educational programs. By integrating sustainability into our business strategy, we are not only fulfilling our social responsibilities but also driving long-term value for all our stakeholders.

My family and myself remain committed to the Rigby Group for the long term – with technology at its heart – and maintain our core principles of hard work, entrepreneurship, good governance and philanthropy. It is an ethos I have been proud to foster throughout my business life and can assure you that this will not change as SCC and its management continue to evolve.

We also remain committed to being a UK based business, paying tax in the UK and other countries as appropriate. We will continue to support the UK economy as the UK government has supported us in the past, and we are proud of the work which we have done in supporting both the country and the NHS over the past decades.

And most of all, we will continue to value our people, their skills and the loyalty they have shown as part of our family business. None of our achievements would have been possible without our incredible team. I extend my heartfelt appreciation to our employees who are the reason for our continued success.

We have created an inclusive and empowering culture that fosters innovation, collaboration, and continuous learning, and I am confident that our people will continue to lead us to greater heights in the years to come.

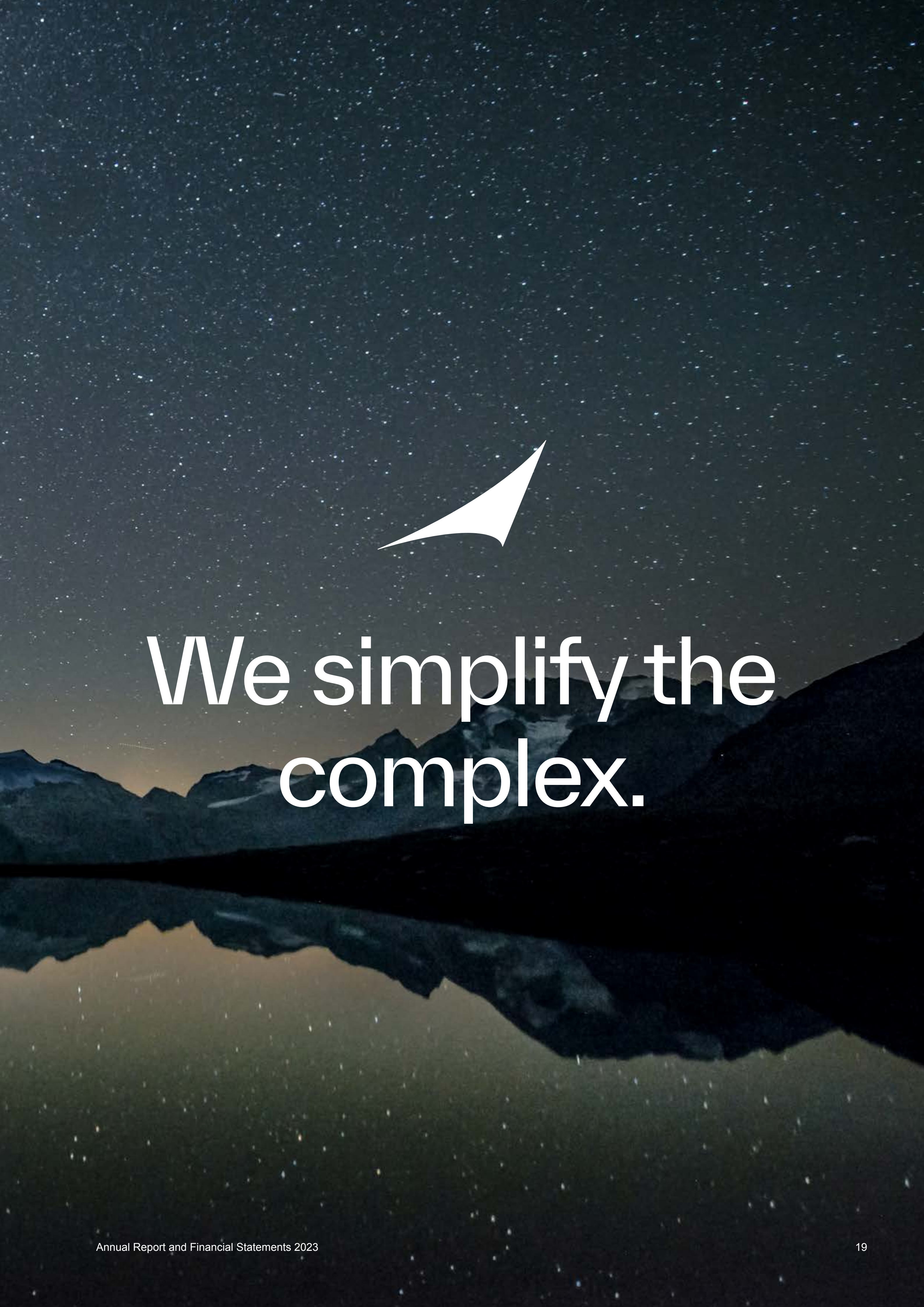
As we embark on a new fiscal year, we are optimistic about the future. The digital transformation journey is far from over, and SCC is well-positioned to seize the opportunities that lie ahead. We will continue to invest in technology, nurture our talent, and deepen our customer relationships.

Peter Rigby

SIR PETER RIGBY
CHAIRMAN
SCC PLC AND RIGBY GROUP (RG) PLC

‘WE HAVE CREATED AN INCLUSIVE AND EMPOWERING CULTURE THAT FOSTERS INNOVATION, COLLABORATION, AND CONTINUOUS LEARNING’.

SIR PETER RIGBY
CHAIRMAN
SCC PLC AND RIGBY GROUP (RG) PLC



We simplify the complex.

OUR UK PLAN

OUR PURPOSE

We help clients succeed through IT transformation and exceptional customer experiences

OUR AMBITION

To be the most customer and employee centric IT systems integrator in the UK

STRATEGIC INITIATIVES

- Acquire more customers
- Sell more to existing customers
- Digital Workplace
- Cyber Security
- Cloud Services

ENABLED BY

- People + Culture
- Intelligent Systems
- Compelling Offerings
- Excellent Customer Experiences

VALUES

- Responsibility
- Passion
- Customer First
- Agility
- Family

OUR VALUES

RESPONSIBILITY

We take responsibility for our customers, each other, our community, and environment. We take accountability and lead by example. We can all make a difference independently, and collectively, and always bring solutions to problems with a can-do attitude.

PASSION

We're passionate and excited about what we do, and how we do it. We nurture ideas and inspire excellence. We find creative solutions to challenges – and have fun doing it.

CUSTOMER FIRST

We always put our customers first. We make decisions, and measure outcomes, based on providing exceptional customer service. We work hard to establish long-term, trusted partnerships.

AGILITY

We think broadly, act quickly, and thrive on change. We're agile and responsive to the needs of customers and our business. As a family-owned business, we're both measured and decisive.

FAMILY

Our business is built on family values, entrepreneurship, and togetherness. We're open, honest, supportive and inclusive. Our people are our family and we know that we're stronger together.

STRATEGIC INITIATIVES

one

Acquire more customers

Expanded our salesforce coverage into new verticalised customers across Public Sector, Commercial and Business Partnering.

New pre-sales alignment with new account CTOs (Chief Technology Officer), pre-sales teams to support early engagements within Digital Workplace and Cloud Services.

We have driven relationships with 111 net new customers.

two

Sell more to existing customers

Developed a clear understanding of our top existing customers' organisational challenges and on track to sell more services to deliver their business outcomes.

Reduced the reliance of our top 20 customers from 43% to 30%.

Implemented a new renewals tool to maximise client engagement and make us more efficient while providing cost protection for our customers.

Provided operational excellence and improved our customer engagement to make it easier for customers to work with us.

three

Digital Workplace

Unlocking the potential of your workforce.

Defined and grown our digital workplace practice.

We are leading with consulting services, our new pre-sales team are focussed on user experience and better understanding of their needs.

We have integrated the portfolio covering Digital Automation Practice, Document Services and Collaboration into the overall proposition with M365.

We have created new partnerships and supporting Broxbourne Council, Harbour Energy and Westfield Shopping Centres to name a few.

four

Cyber Security

Creating cyber confidence.

Built and grew our Cyber Security practice.

We are supporting clients with the best of breed technologies, people and processes to fulfil their security strategies.

Recruited and built-up the team with new expertise in sales, pre-sales, product management, marketing, security architecture and in our Security Operations Centre (SOC).

Building a new state of the art SOC in Birmingham.

Built, productised and trained people on our new services around managed detection and response (MDR) for end user and MDR for infrastructure, both leveraging the Microsoft stack of services and the Sentinel SIEM platform in Azure.

five

Cloud Services

Growth through Innovation.

Ensured a deep understanding of our customers business challenges and consulted to produce innovative solutions that exceeded current and future customer demands.

Built out the Hyperscale cloud practice, new expertise across many roles similar to Cyber, expansion of offerings spanning professional services and our portfolio of managed services.

Being recognised in the market place and by our customers as a partner who can help take them on a journey to public cloud.

Launched a new cloud management platform, SCC Service Hub to unify cloud management across public and private cloud platforms to support customers and prospects.

We have created new partnerships and working with Lancashire Insurance, Sopra Steria, George Elliot Hospital and PDSA.

OUR ENABLERS

PEOPLE & CULTURE

Our people are the heart and soul of SCC. They embody our values of family, passion, agility, responsibility, and customer first and are the driving force behind our success. We are committed to investing in our people, providing them with the tools and resources they need to succeed, and fostering a culture that values inclusivity, passion, agility, responsibility, and customer first.

INTELLIGENT SYSTEMS

We're making the most of intelligent systems and new technologies to improve our business processes. Our Clarity transformation programme brings Microsoft Dynamics 365 to the wider business as we improve how we do things so we're more efficient, effective, and agile. Delivering Clarity will create a common operating model and standardised processes to unify what we do and how we do it.

COMPELLING OFFERINGS

We have built out our product management, product marketing and campaign marketing resources to help enable and drive these services into market. We have defined our top level propositions and service portfolios across all 3 areas of Cyber Security, Cloud Services and Digital Workplace.

EXCELLENT CUSTOMER EXPERIENCES

We put excellence into action every day. We ensure that our people have the skills and opportunity to excel ensuring our customers always benefit from an excellent customer first experience.

FINANCIAL REVIEW

Revenue

Product

SCC provides a full end-to-end lifecycle of IT products to our customers. Our product business is analysed across enterprise products, software, networking, security, print and desktop (other end user compute products).

Product revenue of £629m, increased by £76m over the year, forming 76% of sales in the year (up from 73% in 2022) with growth across almost all of our product lines. We saw particularly strong demand from clients for networking hardware (up 55% from prior year) and enterprise products (up 17%), with customers returning to more significant infrastructure projects. More modest growth in software and desktop related revenues showed a continued calming of the pandemic boom in these areas. The only product segment to show declining revenue in the year was print hardware, where we continue to see weakness in customer demand as return-to-the-office is muted and our relationship with printing has changed. We expect volumes to stay at this reduced level moving forward.

Services

Performance was more challenged across our services portfolio turnover, which ended the year at £195m (2022: £204m). Overall, revenue declined by 4%.

We are very pleased with the progress that we have made in establishing our new Hyperscale and Cyber practices. Both business practices are growing according to plan with wide-ranging capabilities now stood up and some excellent contract wins already in place. We will continue to grow these practices and develop further offerings over the coming year as we build for the future. Whilst we saw some growth in our document services and print services, levels there remain well below pre-pandemic levels.

Our core managed services performance remained broadly flat. We are seeing a growing appetite from customers for automation and efficiency and are working hard to fulfil that demand. Our service centres in Romania and Vietnam support the business exceptionally well, but we must continue to innovate to ensure that our offering remains attractive to customers.

We saw lower demand for our data centre services and professional services. In our data centres, some long term contracts came to their full term, with volumes not being fully replaced with new business. The professional services reduction was driven by a reduction in large workplace solution roll-outs in particular. This reflects a return to more normal levels following a peak during the pandemic.

Profitability

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

Gross profit

Gross profit of £111m was up 3% on prior year (2022: £108m), driven by the increase in product revenues. The rate of margin, at 13.5%, decreased from 14.3% in 2022. The primary driver for this reduced rate of margin is the shift in sales mix towards product in the year. Our product business, being resale activity, attracts lower margins than our services business, which is more dependent on the provision of skilled labour. Within our product stack, we did see a decline in the margin rate achieved for enterprise and networking products. The significant increase in sales in these areas included several large deals that were sold at slightly lower rates in order to secure the business. On the other hand, in security and software, both key growth segments, we saw significant increases in rates of margin. Within services, the reduced revenues in our data centres business had a disproportional impact on the rate of margin achieved. This business unit has a relatively high fixed cost base, meaning that revenue changes have a relatively significant impact on rates achieved.

Operating profit

Operating profit of £15m (2022: £22m) represents a

decrease of 34% from 2022. It is at this level that we see the impact of the significant investment that continues to be made in our business. We have chosen to invest significantly in people, with our average headcount for the year increasing by 169 (10%), with staff costs increasing by £18m.

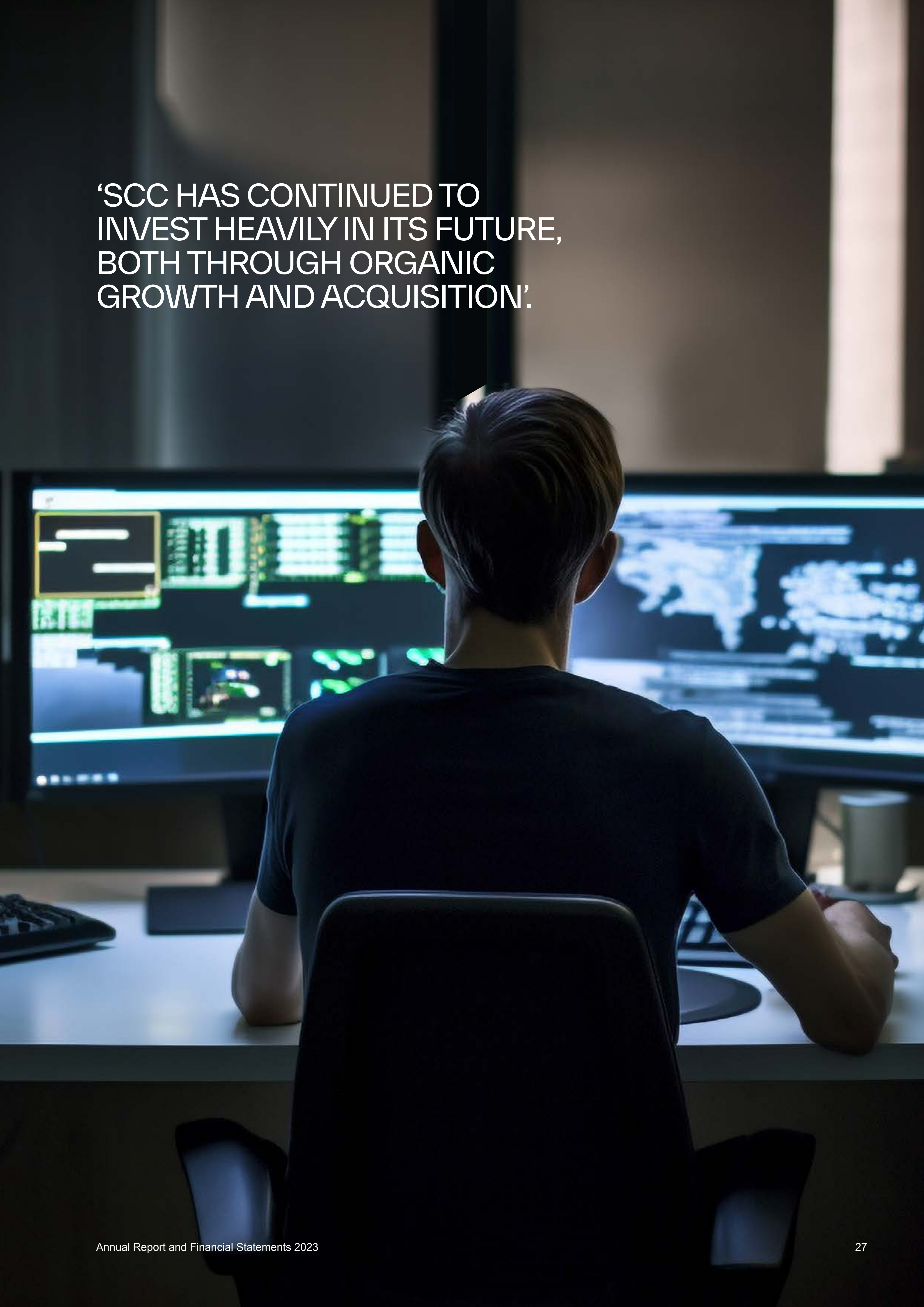
This investment in skills is across our entire organisation, bolstering of our sales function, engineering teams and recognising that our growing business needs greater back-office support. It is also a result of us being much more successful in attracting talent, with our vacancy rate being lower than in the previous year.

The inclusion of a full year of results from the acquired software lifecycle business from Civica in our results for a full year resulted in a goodwill amortisation charge of £433k.

Finance Costs

SCC has very little financial debt. A very successful history of cash generation means that the only debt on the company's balance sheet relates to obligations under finance leases. In order to finance any working capital requirements, the company maintains an invoice discounting facility and overdraft facility. Overall finance costs (net) in the year were £809,000 (2022: £256,000).

‘SCC HAS CONTINUED TO INVEST HEAVILY IN ITS FUTURE, BOTH THROUGH ORGANIC GROWTH AND ACQUISITION’.



The increase in costs is driven by market based rises in interest rates and a change in the ultimate parent company's management of cash across its portfolio of investments (including SCC). During the year, improved working capital management has enabled release of funds for investment, although this requires increased use of invoice finance facilities at certain times of the year which drives up interest costs.

Dividends received in the year of £2.1m (2022: £nil) were from the company's collaboration business, SCC AVS Limited.

Taxation

As part of the Rigby Group (RG) plc group of companies, we adhere to the Rigby Group UK taxation policy. We establish levels of risk management and governance which are appropriate to our business. These include the operation of a group internal audit function and by working closely with dedicated tax specialists in our Rigby Group tax team. In addition, we obtain specialist external tax advice for significant transactions and continuously improve our financial systems to reduce levels of risk where possible.

We structure our financial transactions in a manner consistent with the economic substance of the underlying activity and have no appetite for tax motivated planning, artificial tax structures, or offshore activities designed to avoid meeting our responsibilities to pay UK taxes. We trade in the UK and pay all applicable UK taxes. We are committed to maintaining an open and transparent relationship with HMRC which is based on regular communication, appropriate levels of disclosures and meetings to ensure HMRC are fully aware of key transactions.

The company's effective tax rate for the year is 19.6% (2022: 24.1%). This 4.5% reduction in our effective tax rate is principally due to non taxable income combined with the corporation tax rate change from 19% to 25% impacting our deferred tax obligation.

Dividends

Dividends paid in the year of £7m were significantly lower than the £51m paid in 2022. In the prior year, in consultation with our shareholders, the company was part of a corporate simplification initiative that resulted in a significant one-off distribution. The dividend policy we have agreed with our shareholders is to distribute around 50% of profit after tax.

Acquisitions and organic growth

The company has continued to invest heavily in its future, both through organic growth and acquisition.

The acquisition of Civica's Lifecycle business in February 2022 has been a success, with the operations contributing positively to this year's results. During the current year, in May 2022, the company purchased 100% of the shares in SEA Holdings (UK) Limited Group, which trades under the brand "Visavvi", at a cost of £15.3m. Later in the year, in March 2023, the company purchased 100% of the shares in Vohkus Limited, a UK reseller, at an estimated cost of £15.2m.

These subsidiaries are expected to work very closely with the company and yield positive returns for the company

and the group. The results of these subsidiaries are included within the consolidated financial statements prepared for both SCC EMEA Limited and Rigby Group (RG) plc.

Organically, the company has created two new strategic growth areas around public cloud and cyber. These have received significant investment in the year and are currently reporting results in line with the business plan.

Net Assets and Cash

Company net assets have grown to £112m (2022: £106m). Total comprehensive income amounted to £13m, being partially offset by the declaration of £7m of dividends such that net assets grew by £6m.

Intangible assets increased by £7m in the year, representing ongoing capitalisation of our ERP system development costs. A significant portion of this is expected to go-live in the next financial year and will be amortised from this point.

The value of investments increased by £30m, reflecting the acquisitions of SEA Holdings (UK) Limited and Vohkus Limited, as mentioned above.

Cash and working capital management continue to be closely managed. During the year, the company's cash and cash equivalents reduced from £200m to £93m. The most significant drivers of this movement are as follows:
i. Operating cashflow before working capital of £24m (2022: £32m)

ii. During the year, the company loaned £40m up to its parent company as part of a wider group cash management initiative (2022: nil)

iii. Adverse working capital movements in trade debtors and creditors of £37m, caused by a change in the mix of customers at the year end.

iv. Acquisition related cash outflows of £27m (2022: £4m). This related to the acquisitions of Sea Holdings Limited and Vohkus Limited as described above.

v. Dividends paid of £7m (2022: £51m).

vi. Purchase of software and assets of £13m (2022: £7m). Capital activity has continued at pace this year. We have continued to make progress in our systems transformations, with the expected go-live of major parts of our new ERP and CRM system during the next financial year. A major automation program is also underway for our IT Service Management platform, Service Now. We have also continued to refurbish our office locations.

Year-end cash positions are normally high compared to other months during the year and this year was no exception, albeit not as high as prior year.

The company's primary finance facility is its invoice discounting facility of £80m. Additionally, the company has access to an overdraft of £20m. These facilities, in addition to the cash on loan to the company's parent provide substantial cash availability. It is expected that this cash will continue to be deployed over the coming year, through both acquisition and organic growth. We continue to seek long term investments that meet the company's strategic objectives and offer earnings accretive opportunities.

SECTION 172 REPORT - STAKEHOLDER ENGAGEMENT

Engaging with our stakeholders is an important aspect of the way we manage our Company and a key element of our governance framework.

Our directors are central to our stakeholder engagement and are expected to meet their obligations under the Companies Act and to use all reasonable skill, care and diligence in doing so. To support them we provide training for new directors and refresher support for all existing directors.

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

Within this report we demonstrate how our directors have met their Section 172 obligations. We explain who our stakeholders are and summarise here how we have engaged with them, describing the main elements of our relationship, how we have considered what is important to them and how we have responded to address those needs in the way we have managed the Company.

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

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

PEOPLE

We are proud to highlight the contributions of our team members in this year's annual report. We know that our people are our most valuable asset. They are the driving force behind our success and the key to achieving our strategic goals.

Our people embody the values of family, passion, agility, responsibility, and customer first, which are central to our culture. We believe that taking responsibility for our actions is essential to building trust with our customers and colleagues. We hold ourselves accountable for delivering a high-quality service and for treating others with respect and fairness.

Customer first is one of our guiding principles. We understand that our customers are the reason we exist, and we are committed to delivering exceptional experiences and outcomes for them. Our people are empathetic, curious, and responsive to our customers' needs, and they go above and beyond to exceed their expectations.

We foster a culture of inclusivity, where everyone is valued and respected, and we celebrate diversity in all its forms. We believe that when our people feel like they are part of a family, they are more engaged, motivated, and committed to the success of our company.

Passion is what drives us forward. It is the enthusiasm and energy we bring to our work every day. We hire people who are passionate about what they do and who are committed to delivering exceptional results for our customers. We encourage our people to pursue their passions and to find ways to apply them in their work.

Agility is critical in today's fast-paced business environment. We need to be able to adapt quickly to changing market conditions, customer needs, and technological advancements. Our people are agile thinkers who are able to pivot when necessary and find creative solutions to complex problems.

In summary, our people are the heart and soul of SCC. They embody our values of family, passion, agility, responsibility, and customer first and are the driving force behind our success. We are committed to investing in our people, providing them with the tools and resources they need to succeed, and fostering a culture that values inclusivity, passion, agility, responsibility, and customer first.

Diversity and inclusion

We are committed to building a diverse and inclusive workplace where everyone feels valued and respected. We believe that a diverse and inclusive workforce is essential to our success as a company and to creating a better world for all.

We have several employee resource groups (ERGs) dedicated to promoting diversity and inclusion within our company. Our ERGs include the SCC Rainbow Network, which supports our LGBTQ+ employees and allies; REACH, which focuses on issues related to race, ethnicity, and cultural heritage; and the STEM group, which promotes the advancement of science, technology, engineering, and mathematics within our company.

In addition to our ERGs, we have also made significant progress in improving accessibility for all employees. We have implemented several initiatives to ensure that our workplace is inclusive for people with disabilities. These initiatives include providing accessible technology, ergonomic workstations, and support for employees with disabilities.

We are committed to creating a workplace where all employees feel supported and empowered to thrive. Our well-being initiatives include mental health support, mental health first aid support and access to fitness programmes.

We are proud to be a company that is committed to gender equality. Our Women's ERG focuses on promoting the advancement of women within our company and ensuring that they have access to the same opportunities as their male colleagues. We have implemented several initiatives to support working parents, including parental leave and flexible work arrangements, plus support for miscarriage and In vitro fertilisation (IVF).

Finally, we recognise the importance of investing in our future leaders. Our Young Professionals ERG provides a platform for our younger colleagues to connect, learn, and grow within our company. We provide mentorship and leadership development opportunities to help them achieve their full potential.

In summary, at SCC we believe that diversity and inclusion are essential to our success. We are committed to creating a workplace where everyone feels valued and respected, and where all employees have access to the same opportunities for growth and development. We will continue to invest in our D&I (Diversity & Inclusion) initiatives and ERGs (Employee Resource Groups) to create a better world for all.

Colleague Engagement

We believe in engaged colleagues, so we are committed to creating a great place to work where our employees feel valued, supported, and empowered to do their best work. That's why we conduct an annual Great Place to Work survey to measure employee engagement and satisfaction.

We are proud to say that our survey results have been positive, we have implemented various initiatives to support our employees and create a positive workplace culture. We recently introduced Core Working Hours to increase flexibility for our employees whose working hours are fixed. This initiative has been well-received and has enabled our employees to better balance their work and personal responsibilities.

We also launched an Employee Assistance Program (EAP) to provide our colleagues with extra support when they need it. Our EAP provides confidential counselling, coaching, and support services to help our employees navigate personal and work-related challenges. To support the development of our senior leaders, we launched a new Senior Leadership Team Development Programme. This programme provides leadership training, coaching, and mentoring to help our senior leaders grow and develop in their roles. We also became "internal first" with vacancies to ensure that our existing colleagues have the opportunity to apply for roles before external candidates.

To improve our recruitment process, we launched a new Applicant Tracking System, which has made recruitment easier and more efficient for our candidates and hiring managers.

Finally, we launched a new induction day to give our new starters the best possible start. Our induction day provides our new employees with an introduction to our company culture, values, and mission, and sets them up for success in their new roles.

We understand the importance of employee engagement and satisfaction. We have implemented various initiatives to support our employees, create a positive workplace culture, and foster a sense of belonging. Our Great Place to Work survey results demonstrate that these initiatives are having a positive impact, and we will continue to invest in our employees and our workplace culture to create a great place to work for all.

Talent

We are committed to attracting, retaining, and developing the best talent in our industry. We understand that our success depends on the skills, knowledge, and expertise of our employees, and we are committed to investing in their growth and development. To support our employees' professional growth, we have a robust learning and development (L&D) agenda. Our L&D agenda provides our employees with access to a range of learning opportunities, including classroom training, e-learning modules, on-the-job training, coaching, mentoring, and leadership development programs. We also place a strong emphasis on career development and progression and we actively support our employees in their career development goals.

In addition to our internal development programs, we are also committed to attracting and retaining top talent. We offer competitive salaries and benefits packages, flexible working arrangements, and a positive workplace culture that supports diversity, inclusion, and collaboration.

We recognise that our employees are our brand ambassadors, and we are committed to creating a workplace that attracts and retains top talent. This means creating a positive employer brand and Employee value proposition (EVP), and providing a positive candidate experience throughout the recruitment process.

We understand that our success depends on the talent and expertise of our employees. We are committed to investing in our employees' growth and development through our robust L&D agenda, career development programs, and positive workplace culture. We also recognise the importance of attracting and retaining top talent, and we will continue to invest in our employer brand and recruitment processes to ensure that we remain a destination employer in our industry.

CUSTOMERS

At SCC, we put excellence into action every day. We ensure that our people have the skills and opportunity to excel ensuring our customers always benefit from an excellent customer first experience.

Every second of every day someone in SCC is interacting with our customers. We build strong relationships, where we listen to and collaborate with our customers to deliver an exceptional service and business transformation.

We emphasised our Customer First value, which started a cultural change within the business, putting the customer at the heart of everything we do and ensuring all decisions were based on the provision of an exceptional customer service. To continue this positive change across the business, all SCC employees will be completing Customer Experience training with the aim of enhancing relationships and interactions between SCC and our clients.

Our Voice of the Customer programme is key to measuring how our customers feel about SCC and the services we deliver. By surveying and interviewing our customers we identified 7 key themes which our customers thought were key to exceptional customer experience and these will form the focus for our year ahead. This will be underpinned by our new focus area, One SCC. This will focus on the transformation and integration of the operational services to drive an improved customer journey.

Our vision is to become the most customer and employee centric IT systems integrator in the UK. To achieve this, we need to continue delivering exceptional customer experiences which not only deliver against service requirements but also delight end users. We will be extending our focus from Customer Experience to encompass Employee Experience. This is centred around the following three areas:

- Service Sentiment – Understanding how our services make our customers feel to enable us to provide a great service.
- Proactive Fix – Identifying fixes for systems in advance of the customer raising them, minimising customer dissatisfaction.
- Customer Automation – Simplifying and removing the need for the service through digital automation.

Underpinning British industry, we deliver exceptional experiences and services across the public and commercial sector. From supporting the development of IT innovation for the NHS via our Digital Hubs or through our corporate partnerships to further green IT, SCC is working closely with our customers to deliver innovation for the benefit of the country. We have the scale, breadth of capability to support our customers, designing bespoke solutions everyday which meet and exceed their requirements.

PCR Award 2022

ADAM CLARK
SCC CHIEF REVENUE OFFICER, SAID:

““People are at the heart of SCC – and it is more important than ever that SCC’s culture visibly reflects its family values. Our breadth of capability and product offering is market leading and our customers have benefitted from this over the course of the past year and the strength and breadth of its relationships with many customers has increased, most notably the public sector. It is great to see SCC awarded Corporate Value-added Reseller (VAR) of the Year for our continued success in supporting key customers across all verticals. This is testament to our people and partners working together as a family to provide exceptional customer experiences. We are striving to be the most customer and employee centric IT solutions business in the UK and it’s hugely rewarding to see us recognised for this. “Looking ahead, we will continue to invest in people, facilities, and growth areas of our business in Digital Workplace, Cloud Services and Cyber to solve our customers’ business challenges and meet their outcomes.”

MBDA

Dave Molloy,
Head of IT Operations said:

"One of the things that MBDA is particularly proud of is how productive our employees are from day one. SCC is one of the key enablers of this, with the delivery of equipment, the correct setting up of applications and the ability for all of our customers to log in and collaborate as a team from day one.

One of the prime examples of that recently has been our joint response to the worldwide pandemic. With the pandemic MBDA has had to fundamentally change as a business with the introduction of blended home office working. Without SCC's ability to motivate its resources and acquire equipment, MBDA would not have been able to adapt as quickly as it did and to support our armed forces wherever they may be in the world."

10X

Vic Sharma,
Global Head of Service Operations, 10x said:

"This is a service which was tailored and created for us as a business. So being able to have input in what we want, around the teams and the structures and the way the shifts are going to work, can actually create something that is unique for 10x. It doesn't necessarily feel like an SCC Service Centre, it feels like a 10x/SCC Service Centre.

I use the term, 'my Service Support Team' because I don't see them as SCC anymore, I see that family, that whole which is really important to me, as my teams, we work as one – forget your badge or which company you work for, forget all of that, we're on the same mission, we're here together and we're here to do a good job. Together."

Derby City Council

Robert Hines,
Business Support Development Manager,
Derby City Council said:

"Our partnership with SCC has been great. They bring a lot to the table, they've got a lot of expertise and a lot of experts that we can go to as we need advice and help. We have a lot more collaborative process with SCC, than we have had with any other supplier."

Borough of Broxbourne Council

Rebecca Keene,
Assistant Director of Resources, Borough of Broxbourne Council said:

"Working with SCC I have been really surprised and pleased about how special Broxbourne feels. We're not just another customer, another one of many who SCC support. We are listened to, when we raise concerns they are resolved as quickly as possible, which really is fantastic."

SUPPLIERS

Great things happen when we work together – that's why SCC partners with over 300 established and emerging technology leaders from across the globe.

By partnering with the largest, fastest-growing and most innovative tech pioneers, we share responsibility and a passion for service excellence. We work in collaboration to achieve a common goal: putting our customers first and creating truly bespoke solutions to meet diverse IT needs. Our 50 strategic partnerships and long-term relationships with major distributors enable continuous improvement and agile evolution. Our people and partners make it all possible, as part of the extended SCC family.

Stakeholder engagement (How we engaged)

- What engagement methods did we use
- What and how did we capture data
- How this was used

- Close collaborative relationships throughout the business
- Executive sponsorship and close working relationships
- Strategic reviews throughout the year
- Clearly defined engagement strategy
- Technical engagement and collaboration
- Clear financial review of performance against defined targets and objectives
- Evolving sales specialist coverage model

Stakeholder material issues (What's important to them)

- Using any data captured, how did we identify what issue(s) were important to this stakeholder group
- Any activities/initiatives implemented because of this engagement

- Long term sustainable partnerships
- Constant communication
- Clearly defined shared commercial objectives and targets
- Technical skill and knowledge
- Ethical behaviour
- Growth objectives across customer engagement and financial performance
- Best practice sharing

Continuous Improvement (How we responded)

- Any activities/initiatives implemented because of this engagement
- Direct/indirect feedback provided to stakeholder?

- Strategic relationships with clearly defined goals and responding to technological change
- Proactive engagements with sales teams and enablement plans
- Supplier code of conduct
- Growth initiatives
- Ongoing skills training and accreditation attainment
- Dedicated partner management and
- specialist sales coverage

'SCC is a world-class strategic partner within HP's eco-system and we are delighted with the continued partnership between us. Through collaborative planning, communication and execution we continue to see innovative solutions and impressive customer wins. We are excited for the future as we bring new products and services to market and look forward to the continued growth and success with SCC.'

NEIL MACDONALD,
UK & IRELAND CHANNEL DIRECTOR, HP

Our Vendors

"We are delighted to be jointly going to market in partnership with SCC having appointed SCC as a strategic partner. SCC has built an outstanding reputation in delivering customer satisfaction with best of breed technologies. Given the RingCentral position as the global #1 Business Communications Platform it is exciting to be partnering together to assist our joint customers communicate faster, smarter, and more effectively than ever before."

Tony McNish
RingCentral, Regional Vice President, Channel Sales UKI

"Today, as IBM expands its hybrid cloud and AI ecosystem, SCC remains one of our key partners in the UK. I'm pleased to count SCC as a valued innovation partner across a number of industries with projects underway with AI solutions. Our relationship with SCC is truly multi-faceted and SCC is a great example of next generation partnership."

David Stokes
General Manager, IBM EMEA Partner Ecosystem

"The past year has seen significant investments made on both sides of our partnership, ushering in new opportunities for our mutual customers. We look forward to strengthening the joint value we'll bring to the UK market through strategic alignment across our shared initiatives. The opportunity for SCC to accelerate their share of market is one to watch."

Eleri Gibbon
Director – Services Partner Lead, Microsoft UK

"Through focus and mutual investment, the relationship between Dell Technologies and SCC is going from strength to strength; we are demonstrating growth in all areas of the Dell portfolio, but particularly seeing SCC drive revenue and new logo acquisition within their data centre business"

Rob Tomlin
VP & GM, Dell UK Channel

COMMUNITIES

Supporting our local communities is embedded into our values and we are passionate about enabling our people to give back and invest in their communities.

Engaging with our communities is achieved through our charity partnerships, the SCC Academy, our employee volunteering activities and our social media channels.

To continue supporting digital inclusion and digital skills development, the SCC Academy was officially opened in November 2022. The academy provides free Essential Digital Skills training to support local communities and since course delivery started in March 2022, the academy has engaged over 500 people in Essential Digital Skills training and other employability events.

To support learners in developing their skills outside of the classroom and addressing one of the main challenges of learners having access to equipment, the academy works with Good Things Foundation and is part of their online centres network. Through the network, the academy supports Good Things Foundation in delivering their national device and databank initiatives which provide eligible individuals with free access to laptops and SIM cards.

To further support the development of digital skills, we announced a new partnership with Aston University, a renowned university focused on science, technology and enterprise, to explore the future of digital technologies and skills through the new Aston Digital Futures Institute (ADFI) and the Aston Health Services Hub.

As digital technologies continue to revolutionise our lives, it is crucial to stay at the forefront of innovation to fully understand the potential impact it can have on society. The ADFI, led by Aston University, aims to drive high impact research in digital technologies and create innovative solutions that transform industries and improve business and lives.

Through this partnership, we are committed to leveraging our expertise and resources to support the programme by contributing industry expertise to the research programme in the areas of data analytics, cloud computing, cyber security and digital transformation.

The newly announced strategic partnership in Birmingham is also set to deliver training programmes for students and professionals in digital skills and emerging technologies, with a focus on health and digital innovation across a range of priority industry sectors in West Midlands.

During the year we donated equipment, provided over 240 employee volunteering days and supported our employees in a variety of fundraising events for our charity partners and registered charities of their choice. Examples of how our employees supported our local communities involve:

SIFA Fireside volunteering event

SIFA Fireside provides a range of services to prevent homelessness and to support adults who are homeless or vulnerable, by meeting their immediate and long-term needs. Our Content and Sales Enablement team used some of their volunteering days to support the charity.

Content Writer, Ruby Lambert said:

“The day was very well organised. We were given a briefing from the staff at SIFA which made it easier to get started. We helped serve breakfast and lunch, which gave us a chance to chat with the clients and really get involved with the team there. We also helped tidy the clothes store, learned more about the food stores and how SIFA collaborate with other charities to ensure everyone gets the right resources. It was a great day and I highly recommend this as a volunteering day!”

SCC and HP tree planting event

Working in partnership with our long-term vendor partner HP, our employees, clients and members of the local community planted 500 trees in New Forest National Park, in partnership with Forestry England.

Paul Southall, Head of Sustainability at Rigby Group, also took part in the Tree Planting Day.

He said: “We’re delighted to have partnered with HP and Forestry England in support of this wonderful cause, which provided an opportunity to directly contribute to the UK’s reforestation journey.

Not only that, but the opportunity to learn from expert speakers on biodiversity was fascinating and concerning in equal measures. The UK is in the bottom 10% globally for biodiversity and restoring the UK’s tree coverage is essential to improving biodiversity levels and the country’s ability to reach net zero.

It’s important that companies like SCC and HP continue to take their responsibility to sustainability and the environment seriously, and keep setting and meeting ambitious targets such as HP’s Climate Action Goals.”

ENVIRONMENT

At SCC we have grown and transformed our business by challenging ourselves and improving how we deliver for our customers, support our employees, and accelerate the pace of innovation.

We believe that doing what is ethically right gives our business the best foundation for future success.

Looking after our customers, employing great people, and ensuring we offer them an environment in which they can grow, tackling climate change, operating within a strong society, and having a reputation for high standards of governance, these are all part of our ethos.

The journey to become more sustainable is not straightforward or easy for any organisation, but we are making good progress.

Guided by global standards and frameworks.

Adopting a structure that works for us and our stakeholders is an important step to guide priorities and during the year we undertook a detailed review of the Environmental, Social and Governance issues which matter to us and our stakeholders, to allow us to focus on the priorities.

The Rigby Group Head of Sustainability, appointed in the year is leading this work.

The assessment has allowed us to identify ways in which we can take meaningful action across our business, and we have aligned these actions to the UN Sustainable Development Goals as detailed below.

3 GOOD HEALTH AND WELL-BEING	By ensuring our employees feel safe and protected in the workplace and promoting physical and mental well-being
5 GENDER EQUALITY	By continuing to work towards a balanced gender mix across our organisation
10 REDUCED INEQUALITIES	By ensuring equal opportunity and reducing inequality
13 CLIMATE ACTION	By continuing to reduce the impact of our operations on the environment
4 QUALITY EDUCATION	By ensuring our employees have access to learning opportunities and by promoting continued improvement
8 DECENT WORK AND ECONOMIC GROWTH	By promoting inclusive and sustainable economic growth
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	By continuing to collaborate with our value chain to ensure sustainable technology sourcing
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	By continuing to operate with the highest levels of ethical standards

Across the business, our sustainability strategy is aligned to global standards and frameworks.

	United Nations Global Compact	TCFD	CDP	Science Based Targets	ecovadis
Standard / Framework	**UN global compact**	**Task force on climate related financial disclosures**	**Carbon disclosure project** CDP is a not-for-profit charity that operates the global carbon disclosure system.	Science Based Targets	EcoVadis
Progress	We are proud to be a signatory of the United Nations Global Compact and we are committed to the 10 principles.	This will be mandatory for our FY24 accounts. We are currently planning the climate modelling elements of the disclosures.	We have progressed to level C in FY23 and are targeting level B in FY24.	We have committed to this standard for carbon reduction, and we will make our submission in FY24.	We will make our EcoVadis submission in FY24 and we are engaging with our value chain to standardise this framework.

Our Planet

Climate change is a very real threat and operating sustainably is no longer a choice it's an imperative. Making meaningful progress to address climate change means doing things differently, making changes that will impact everyone's social and work lives.

SCC has been built on family values and operates on the principle that success in business goes hand-in-hand with responsibility and giving back into society and communities. We understand our customers want to partner with a business that is committed to sustainability, and we are proud to confirm that SCC has been carbon neutral since 2018 (through the purchase of carbon credits), working alongside our partner CO2 balance.

Carbon Emissions

We continue to procure 100% renewable, REGO (Renewable Energy Guarantee of Origin) backed electricity where we are responsible for the supply. Working with our logistics and distribution suppliers, we also require our suppliers to meet our electric vehicle fleet quotes to retain or bid for new SCC business.

During March 2023 we have installed solar panels at our flagship data centre facility in Birmingham. The construction of the 713kWe roof-mounted solar-PV generation will provide a significant amount of renewable energy to the data centre, reducing the amount of electricity that needs to be provided from traditional energy sources. The panels will create c100 tonnes of carbon savings per year.

We have committed to set science-based emission reduction targets in line with the SBTi (Science Based Target initiatives) criteria and recommendations. In doing so, we will be assessing the embodied emissions of everything we buy and sell in addition to those we are directly responsible for. By collaborating with our partners, we will be able to identify and prioritise opportunities to reduce our value chain emissions helping our customers and ourselves to become more sustainable. Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement, limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

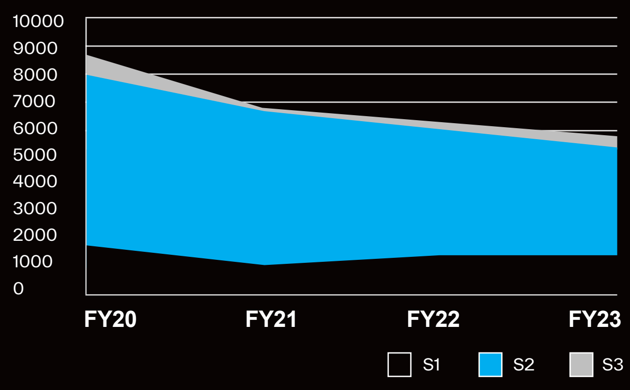
SCC have committed to becoming accredited by EcoVadis and we will make our submission during FY24. In France we have been accredited since 2013 and currently hold the prestigious platinum status.

We are a zero waste to landfill business therefore waste generated from our offices is recycled or reprocessed.

Greenhouse gas (GHG) emissions (metric tonnes CO2)

	2020	2021	2022	2023
Electricity	6,128	5,517	4,616	3,900
Gas	292	250	230	233
Travel	2,268	1,055	1,461	1,650
Total	**8,689**	**6,822**	**6,307**	**5,783**

tCO2e	**2020**	**2021**	**2022**	**FY23**
Scope 1	1,873	1,195	1,547	1,503
Scope 2	6,128	5,517	4,616	3,900
Scope 3	687	110	144	380



The GHG Protocol methodology has been used to calculate our emissions values for mandatory SECR categories. Our GHG emissions for Scope 1, Scope 2 (location) and business travel scope 3 amount to 5,783 tCO2e (2022: 6,307 tCO2), with equivalent energy use of 28,416,141 kWh (2022: 29,289,693 kWh), this equates to 6.56 tCO2e per £m of revenue (2022: 8.34 tCO2e/£m).

We are accelerating our target to become Net Zero from 2050 to 2040.

Circular Economy

Resource conservation is one of the biggest challenges we face. To combat this, we have adopted and implemented a circular economy approach which incorporates three principles; reduce, reuse, and recycle.

Reduce - We are seeking ways to reduce our resource consumption and have adopted smart metering and switching technologies to remove dormant and zombie consumption of power.

We do not use water in the operation of our business but the introduction of water metering, flow control and water catchment has reduced our domestic water consumption. This year, we have been adapting our working practices to account for the UK "Plastic Tax" by removing tonnes of plastic packaging and wrapping from our end-to-end supply chain. Furthermore, we are removing single use plastics from our business.

Reuse - To support our home user collection customers, we have implemented a system whereby we only use recycled laptops sleeves in our plastic tote boxes. By using these new sleeves, we reuse and rotate them and minimise the amount of waste generated.

Recycle - We are a zero waste to landfill business and ISO 14001 accredited. Our in-house recycling facility provides a range of services for ourselves and our customers and generates over 20 recycling waste streams.

We have been refurbishing and recycling IT equipment for many years and this year we have invested in a new facility in Birmingham to enable us to expand this offering. This investment demonstrates our commitment to a truly circular economy, where we retain IT equipment in use for as long as possible and recover as much of the constituent parts and material at the end of the products life for re-use.

United Nations Global Compact

We continue to be part of the United Nations Global Compact, the world's largest corporate sustainability initiative. The Global Compact is a strategic initiative that supports global companies that are committed to responsible business practices in the areas of human rights, labour, the environment, and corruption. SCC is proud to be one of over 22,000 signatories in 162 countries committed to the Global Compact.

Accreditations

We have implemented a comprehensive Environmental Management System (EMS), which includes all company sites. This system is subject to external audit to demonstrate compliance with the EN ISO 14001 standard for Environmental Management Systems. We have committed to meet or where possible, exceed the requirements of this standard.

Transport and Travel

The business continues to make extensive use of remote meeting technology and continues to reduce the need for business travel where possible.

During the year, we took the decision to stop procuring diesel cars for the company fleet and as vehicles finish their lease terms, we are replacing them with electric or hybrid vehicles. As part of SCC's health and wellbeing initiatives the Cycle to Work scheme encourages staff to swap their car commute for a bike, which also supports employee mental and physical wellbeing.

Our Suppliers

At SCC we require our suppliers to be good corporate citizens and look to work with organisations which have the same sustainability values as we do. Our Supplier Code of Conduct sets out the legal compliance expectations of all our suppliers and our supplier on-boarding questionnaire reinforces the expectations we have of our suppliers in the area of anti-slavery and human trafficking. On a regular basis, we carry out assessments of our suppliers and sub-contractors as part of our ISO certifications to ensure quality and continuous improvement.

For the coming financial year

- Take action to support the new target of net zero by 2040.
- Achieve CDP grade B status.
- Align our emission reduction target with the SBTi.
- Achieve EcoVadis accreditation.


simplify the complex.

SHAREHOLDERS

SCC is part of the Technology Group of Rigby Group (RG) plc (“Rigby Group”). Rigby Group is a family owned, multinational, service-based holding company for a portfolio of businesses.

SCC is one of five brands of the Rigby Group (RG) plc a family owned multi-national company which, since its inception in 1975, has built a distinguished reputation and is now the 8th largest 100% family owned business in the UK.

Our shareholders are closely involved in the management of the business, holding executive positions to ensure that the business goals and values are closely aligned to those of the Group and the family. SCC benefits from the shareholders future commitment to the business for the long-term. Dividends are remitted to our parent at 50% of the company's profit after tax allowing retention of the remaining 50% for re-investment in the business to deliver future growth. We continuously monitor the suitability to pay dividends taking into consideration the growth objectives for the business alongside the long-term returns required by our shareholders.

GOVERNANCE REPORT

Board of Directors

The company's Board of Directors comprises the following individuals during the year end and as at the date of this report:

Sir Peter Rigby
Rigby Group
Chairman

James Rigby
Rigby Group
Co-Chief Executive Officer and SCC EMEA Chief Executive Officer

Steve Rigby
Rigby Group
Co-Chief Executive Officer

Dennis Badman
SCC plc
Chief Executive Officer

Patricia Rigby
Rigby Group
Director

Adam Clark
SCC plc
Chief Revenue Officer

Mark Nutter
SCC plc
Chief Financial Officer

The Board of Directors holds overall responsibility for the stewardship and governance of the company. Shareholders of the ultimate parent company, Rigby Group (RG) plc, participate on the Board, ensuring alignment with the ultimate shareholders' strategy.

The Board of Directors meets a minimum of four times a year. Attendance at Board meetings during the financial year has been 88%.

Certain matters are reserved for the Board, including

- Approval of company strategy and budgets
- Acquisitions and Disposals
- Share issuances and dividends
- Financial guarantees and new borrowings
- Material contractual arrangements

The day-to-day operation of the company is largely delegated to the Executive Committee.

Executive committee

The Executive Committee comprises a number of senior leaders from across our business and reports to the Board of directors.

The current composition of our Executive Committee can be found on our website (scc.com).

The Executive Committee meet formally each month and hold weekly performance reviews.

The Executive Committee prepare strategic insight for the Board, helping to set the goals of the company. Furthermore, the Executive Committee overlay the strategy with operational objectives for the business, reviews Enterprise Risk and sets the Company's ESG commitments.

The Executive Committee appoints sub-committees where appropriate and ensures that sufficient professional expertise is available to the Committee and the Board of Directors around corporate compliance. In particular, a dedicated Assurance Practice delivers the execution of our corporate maturity plan, managing assurance audits and risk planning to drive a continuous improvement approach.

GOVERNANCE PRINCIPLES

Our Governance Principles are built on a foundation of four "big rocks": -

1. Ethical integrity
2. Enablement of people
3. Management of risks
4. Reporting transparency

How we manage our business and conduct our operations is of critical importance to our shareholders, customers, and communities. At SCC we are constantly assessing the threats and opportunities facing our company, using systems thinking and a robust enterprise risk management approach to inform change decisions that meet our risk appetite and capacity.

As a colleague and client-centric business, we have a responsibility to behave in an ethically accountable manner. What we do, how we do it, and the impact that has on the environment and the communities where we operate plays a driving role in the definition and delivery of our commitments. Our executive committee is fully behind our ESG (Environmental, Social, and Governance) strategy and has endorsed our FY24 obligations and initiatives.

These commitments are targeted to achieve even greater levels of transparency, accountability, and maturity, and cover 10 pillars of excellence:

1. Human Rights & Labour Conditions
2. Equality, Diversity, and Inclusion
3. Health & Safety
4. Environmental Sustainability
5. Business Ethics (governance & behaviours)
6. Business Continuity
7. Social Value & Community
8. Wellbeing & prosperity
9. Cyber & Information Security
10. Data Protection & Privacy

From each of these pillars we have identified several tangible and measurable commitments that we can strive to achieve, to continuously develop our ESG maturity to further underline our Digital Trust persona. Whether this is to be Carbon Net Neutral by 2040, or to obtain ISO 37001 accreditation for our control works on Anti-bribery and corruption, our commitments are SMART and subject to quarterly review.

Consistent with these ten pillars of ESG "excellence", our FY24 initiatives seek to further demonstrate SCC's leading position as an ESG focussed tech firm. We continue to challenge ourselves on our carbon footprint, with a focus this year on our scope 3 emissions. We are also listening to the voice of our client base and placing greater attention on management of third-party risks from within our supply chain. In fact, over the coming year we will see the first stages of work to deliver ISO28001 certification for the enterprise (Supply Chain Security).

To enable our teams to understand our expectations and their obligations, we are rolling out a detailed competency framework across multiple jobs roles and levels. This framework provides an easy to interpret role and grade structure for each functional specialism, such that colleagues can identify the responsibilities, skills, and behaviours expected of a specific role and grade. Understanding the variances between levels will help managers and colleagues identify training and career development plans aligned to an individual's needs.

Our ethical integrity and business conduct forms part of our company culture, and frequent client feedback underlines that our colleagues understand our ethical values and conduct themselves with professionalism and integrity. We have a programme of enterprise awareness training which rolled out during the year and will continue to expand in FY24, building on colleagues understanding of the importance of business controls and provide them with tools and methods to identify and manage regular business threats (like insider fraud, or data security).

As part of our ongoing investment in Intelligent Systems our Assurance team has deployed a market leading GRC (governance, risk, and compliance) platform which integrates how we record and manage operational risks with our enterprise risk management standard, along with further process gains in data protection. Using better automation, monitoring, and analysis enables us to provide the executive committee with enhanced risk identification and trend analysis highlighting any upcoming inflection or decision points.

The information we collect and share in respect of our business performance and outcomes must be transparent and verifiable if it is to accord with our first governance principle of Ethical integrity. Notwithstanding that we are a commercial enterprise, our ability and in fact our inclination for openness sets a clear tone for our commercial relationships.

Clients are becoming more aware of 'Digital Trust' considerations, with more and more aspects included as evaluated components of public sector tenders – the market sentiment is becoming clearer. Customers recognise a greater need for scrutiny of a supplier's credentials, more than a simple review of our certifications.

The requirement for an ethical or cultural alignment between contracting parties is playing a material role in the decision -making process, especially in respect of large-scale public works or service contracts.

We are well placed to lead the conversation with clients, partners, and suppliers – we are present in the marketplace, trying new ideas and initiatives, with an open desire and willingness to learn and share as we continue the development of our company.

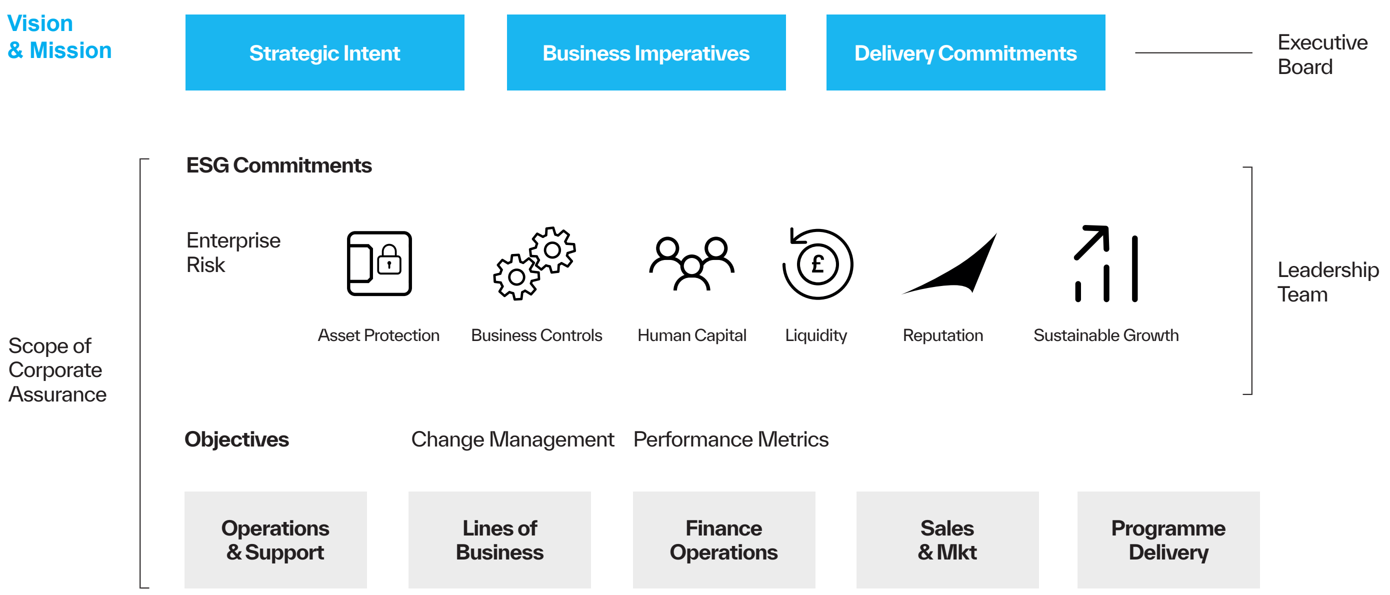
SCC UK GOVERNANCE MODEL

Our Governance model is a direct function of our corporate vision and mission. We apply different lenses to determine our Strategic Intent (our “big rocks”), our Business Imperatives (our mid-term focus), and our Delivery Commitments (our “must-dos”) which then frame everything we do.

The leadership team overlay our ESG Commitments, and Enterprise Risk appetite to define and set the operational objectives of the business. These objectives are set and managed in line with corporate assurance policies in an Information Security Management System (ISMS), and a dedicated Assurance Practice delivers the execution of our corporate maturity plan, managing assurance audits and risk planning to drive a continuous improvement approach.

We hold ourselves to the highest standards, and constantly seek to improve our controls and business management practices. We maintain our mandatory compliances and challenge ourselves to achieve voluntary compliances that demonstrate our ethics, values, and behaviours. We assess the achievement of our goals, our delivery of our commitments and the impacts of our business on an ongoing basis, never afraid to adopt new standards or methods that are attributive to our vision.

The realisation of our goals and objectives is qualitatively assessed through collection and interpretation of meaningful key performance information from across our enterprise. We use this performance data to inform business decision making, set priorities, and adjust programme planning horizons. It is also a valuable source of trend analytics and data intelligence which we make use of for several management and development purposes.



SUPPLY CHAIN ETHICS

The companies we operate with and how they operate must conform to a transparent and accountable set of principles. We believe we have a responsibility to our colleagues, our suppliers, and our customers to constantly assure that our business practices are controlled and scrutinised to manage any inherent or residual risks we encounter, and this includes our suppliers and supply chain partners.

We believe that business should operate in an ethical manner, free from bribery, corruption and other anti-competitive behaviours or conflicts of interest. The protection and maintenance of human rights is unassailable, and we hold ourselves to the highest moral standards. We protect the rights of our colleagues and candidates and expect our suppliers to do the same.

It's our belief that workers should be unencumbered in how they seek regular work, treated equally and without discrimination and they should not have to surrender identity documents, or pay holding deposits to work. They should expect to be paid a fair wage, for working hours which are not excessive and be provided safe, clean environments to work in, together with appropriate training. No forced / child labour will ever be tolerated, and workers should have the freedom to associate and whistle-blow without fear of recriminations.

Maintaining these ethical practices in technology sourcing and management requires constant vigilance to the sources and indicators of bad practice. At SCC we use the Ethical Trade Initiative (ETI - Base Code) as a reference standard against which we model our sourcing and supply chain management practices. This is especially important for an international business such as ours, as it is aligned to several United Nations Declarations and International Labour Organisation (ILO) conventions on human and labour rights which covers all 174 member states.

Modern Living Wage

We believe that everyone has the right to earn a living wage. We are proud to be a member of the Living Wage Foundation. We are clear in our preference for working with like-minded suppliers and partners.

Freedom of Association

It is vital to us that our workers understand their freedoms and rights will not be interfered with. Workers should not be expected to surrender identification papers or be prevented from free association. We work with our supply chain to ensure workers are not in debt bondage, or other forms of coercive control forcing them to work.

Whistle-blowing

Freedom of speech and the right to speak out are fundamental worker rights. We make sure that our colleagues, suppliers, and clients have an anonymous 'no consequence' reporting channel to raise concerns about safety, business practices, behaviours or any other aspect which requires further scrutiny.

Modern Slavery {Modern Slavery Act 2010} SCC MSA Statement

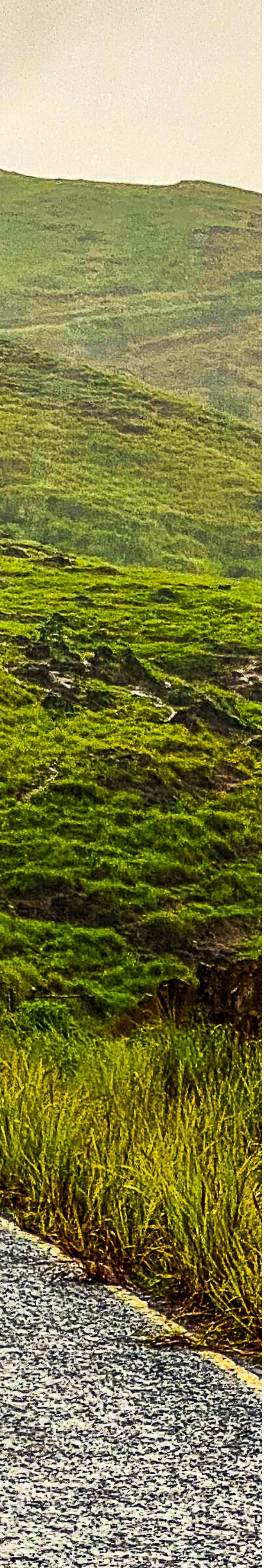
We assess our end-to-end supply chains to ensure compliance with local and international laws, global and regional internal trade standards, and regulations. At SCC we don't want our business to be associated with human rights abuses, suppression of worker rights, enforced labour or any other form of human exploitation.

Ethical Trade Initiative {ETI-Base Code}

We use the ETI base code as the de facto minimum standard regarding our assessment of suppliers or partners. As a global enterprise this standard is the most relevant as in encompasses all the of the countries with whom we do business or that play a constituent role in our end-to-end supply chains.

UN Sanctions {UN Global Compact}

Unfortunately the IT supply chain has been the target of exploitative companies, regimes and criminal groups seeking to make money from poor enforcement of labour standards and vulnerable communities. We comply with all international trade sanctions, and never engage with countries or entities with proven or alleged human rights abuses.



INTERNAL CONTROL & RISK MANAGEMENT

The Board adopts the conventional three lines of defence approach to risk management. Operational Management accept primary responsibility for identifying and managing risks, with Board Oversight and Independent Assurance ensuring that Risk Management is effective.

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

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

Internal Audit

The Rigby Group internal audit function provides the Board with assurance over the financial controls of the Company. Identification and documentation of risks and controls is an important aspect of the relationship with the internal audit function. Internal audit staff benefit from the oversight and involvement of senior finance and non-executive resource within the shareholder organisation but independent of the SCC group.

External Audit

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

Regular engagement through the year as part of formal Audit Committee arrangements and informal business updates are designed to keep our auditor fully appraised of changes within the business and to support improvements in the quality of assurance our stakeholders receive from our annual audit. The Board has overall responsibility for maintaining and reviewing the company's system of internal control ensuring that controls are robust and aligned to the appetite for risk when pursuing its strategic objectives.

Enterprise Risk

At SCC we consider risk through several different lenses to understand the impact of our Operational risks, but also the trend of our Enterprise risks. Our Enterprise risks are broadly defined as threats to those things without which we could not operate, or which could result in an irrecoverable loss for the business if they occurred. Enterprise Risk mapping identifies causalities and impacts, which then inform the mitigation activities of our Enterprise Risk Manager and directorate teams. We have a mature (ISO 31000 compliant) risk management methodology which identifies and captures risks, subjects these to a categorisation and treatment assessment and outputs a qualified treated risk entry into the relevant register. We apply mathematical formulae to attribute Residual Risk values to our Enterprise risks and analyse any changes in risk trend on a quarterly basis. Our Executive Board are presented with current residuals, risk trending and "one-time" events every quarter such that management decisions can be taken in respect of maintaining a risk profile or intervening to direct mitigation activity where the trend or residual risk is unacceptable to the Board.

PRINCIPAL RISKS & MITIGATION

During the year, the impacts of global inflation, war in Ukraine, geo-political instability and an energy crisis – have all affected the market dynamics. We have seen this translate to both a generalised increased risk threat, and pressure on specific enterprise risk areas.

In response, our teams have undetaken ongoing improvement actions and mitigations to address these key pressure points for our business:

	Risk Descriptor	Causality	Mitigation
Operational Costs & Marketing	As a result of unfavourable market conditions there is a risk that our costs might change which might result in our profitability being impacted	1. Changes in taxation / duties / insurance / interest rates or inflation 2. Impacts on currency 3. Costs of raw materials 4. Trading terms 5. Conflict / political unrest **Potential Impact** Higher cost base across our operations (Liquidity, Sustainable Growth)	Alignment to UK public sector payment thresholds Market KRIs (key risk indicators) factored into enterprise risk management. standard Third-Party Risk Management (TPRM) Forward contracts are used to manage currency risk on non-GBP purchases
Breach of Business Controls	As a result of missing business controls there is a risk that our data, information, assets or processes are mishandled which might result in unplanned breach or disclosure and or / exposure to criminal actors	1. Unplanned Breach / Default / Exposure 2. Interruption to services 3. Crime **Potential Impact** Unmanaged losses (including fines, penalties, damages) resulting in damage to reputation / loss of business (Liquidity, Protection of Assets, Reputation)	DPO as a service provision commenced from Mishcon De Reya Continued Cyber Awareness training programme (inside man) Investment case ready for vulnerability management as part of Cyber Resiliency transformation programme Data Governance steerco establish and Terms of Reference agreed. Specific project assignment on Billing Leakage and D36D HR data
Legal / Regulatory Compliance	As a result of not having the required compliances / licenses to comply with law / regulations / contracts there is a risk that we are classified as non-compliant / uncertified / unlicensed which might result in penalties, fines, damage to reputation, loss of sales opportunity	1. Previous Risk Acceptance 2. Human Error 3. Increasing complexity 4. New / Emerging requirement **Potential Impact** Penalties, fines, missed sales opportunity cost, damage to reputation, loss of framework qualification (Liquidity, Reputation, Sustainable Growth)	Key Risk Indicators and Risk Appetite mapping processes now defined for enterprise risks New SharePoint Contract Lifecycle management tool has been built and implemented One Trust integration with Service Now: roll-out of Operational Risk modules to other departments
System Reliability / Migration Projects	As a result of insufficient system maintenance there is a risk that our systems have exploitable vulnerabilities or latent defects which might result in loss of service / access to systems impacting service delivery / contractual obligations	1. Human Error 2. Lack of use / redundancy 3. Accrued Technical Debt / Obsolescence 4. Malicious Actor **Potential Impact** Increased levels of failures, faults, incidents, vulnerabilities and the resulting downtime (Liquidity, Reputation, Sustainable Growth)	Removal and upgrade of legacy hardware and network infrastructure SCC Cyber MDR service onboarded (Managed Detection and Response) Mishcon De Reya CBR service onboarded (Cyber Business Resilience)

GOING CONCERN AND ONGOING VIABILITY STATEMENT

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

This viability statement is prepared to provide guidance to stakeholders in relation to the long term viability of the company and is not prepared as part of the requirements of the UK Corporate Governance code such that it is also not subject to the associated audit requirements.

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

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

Viability Indication Factors

Current Performance

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

Strategy and Market Knowledge

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

Risks and Mitigations

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

Strategic and Financial Planning

A medium term plan is in place which aligns the projections of the business with the long term goals and expectations from shareholders. In support of this plan a rigorous annual planning and forecasting cycle is in place to maintain shorter term focus.

Whilst forecasting in detail over a long time frame is more difficult detailed plans are developed over a 3 year horizon, which the directors consider reflects their viability time horizon.

Future Expectations

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

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

Viability

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

Long standing relationship with vendors and a world class supply chain will support our business despite recent disruption.

We have a long term relationship with HSBC UK Bank plc and during the year we have continued to review our facilities to ensure that they are appropriate for our working capital and longer term financing needs. Facility headroom and access to cash is at a level which the board consider more than adequate to support the company through the next twelve months.

We have reviewed our forecasts for the coming year and we are forecasting to generate cash and operating profit in the coming financial period. As part of this review we consider the level of risk within our budget taking into account latest market conditions and performance. At present we believe that our internal forecast expectations for the coming financial year continue to be achievable.

The long term shareholder investment, provides additional confidence in the viability of the Company in the long term.

Based on the results of this analysis, the directors expect that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

Going Concern

At 31 March 2023 the Company had net assets of £112m. The directors believe the Company is well placed to manage its business risks successfully and the Company's projections show that the Company should continue to be cash generative and be able to operate within the level of its current financing arrangements.

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

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

JAMES RIGBY
DIRECTOR
SCC EMEA CEO
18 AUGUST 2023

DIRECTORS REPORT

The directors present their directors' report, of the Company for the year ended 31 March 2023.

Strategic Report

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

The Strategic Report sets out the details of the Company's approach to risk management, covering all of the principal risks and uncertainties of the Company, including credit, liquidity and cash flow risk.

The Communities section of the Strategic Report covers the Company's policies in respect of equality and diversity, employee communication, the environment and carbon reporting, taxation and charitable donations.

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

A Going Concern statement is presented separately within the Governance report.

Summary Performance and Dividends Declared

The Company's activities during the year generated turnover of £824m compared to £756m in the prior year. Profit before tax for the year was £15.8m compared to £21.6m in the prior year.

Dividends of £7.3m were declared and paid during the year (2022: £50.7m). No further dividends have been proposed after the year end.

Net Assets of the business at the year end are £112m, an increase of £6m over the previous year (2022: £106m) due to retained profits less dividends paid in the year.

Research and Development Expenditure

£3.7m has been spent on research and development activity during the year (2022: £3.1m) to develop innovative solutions to meet our customers' needs, £1.4m of which has been capitalised. The year's expenditure is in line with our annual investment levels which exceed £3m per year on average over the last five years.

Directors and Directors' Indemnities

The following directors have held office since 1 April 2022 and up to the date of signing: Sir Peter Rigby, Ms PA Rigby, Mr JP Rigby, Mr SP Rigby, Mr A Clark, Mr PM Dove (resigned 8 February 2023), Mr DA Badman (appointed 8 February 2023), Mr MT Nutter.

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

Branches

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

Post balance sheet events

There have been no post balance sheet events to 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". Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;

- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

Approval of Reduced Disclosures

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

Statement of Disclosure to the Auditor

Each of the directors at the date of the approval of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and

- the directors have taken all necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

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

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

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

JAMES RIGBY
DIRECTOR
SCC EMEA CEO
18 AUGUST 2023

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement;
- the related notes 1 to 25.

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

Basis for opinion

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

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Employment Law, Environmental Regulations (including SECR), and the Data Protection Act 2018.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud is in revenue recognition, specifically the fraud risk in relation to product revenue cut-off. There are a significant number of transactions that occur immediately prior to the year-end and management could record fictitious sales in order to meet performance expectations. With the increase in the volume of sales towards the end of the year, especially in the week immediately prior to 31 March, there is a risk that error in cut-off of recognition of product sales could result in a material error in revenue.

In order to assess that revenue was recognised in the correct period, we performed the following procedures:

- assessed the design and implementation and operating effectiveness of management's control over the accuracy, completeness, cut-off and occurrence of revenue; and
- tested a sample of transactions in revenue over the final week in March and first week of April for accuracy, occurrence and cut-off of revenue by agreeing details of the sales to invoices, customer orders and evidence of shipments.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and 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 or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

ANDREW HALLS FCA
(SENIOR STATUTORY AUDITOR) FOR AND ON BEHALF OF DELOITTE LLP
STATUTORY AUDITOR
BIRMINGHAM
UNITED KINGDOM

18 AUGUST 2023

FINANCIAL STATEMENTS.

Annual Report and Financial Statements 2023

PROFIT AND LOSS ACCOUNT

for year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	3	**824,095**	756,088
Cost of sales		**(712,869)**	(648,145)
Gross profit		**111,226**	107,943
Administrative expenses		**(96,814)**	(86,506)
Other operating income	5	**138**	619
Operating profit		**14,550**	22,056
Income from shares in group undertakings	9	**2,083**	-
Finance costs (net)	4	**(801)**	(465)
Profit before taxation	5	**15,832**	21,591
Tax on profit	7	**(3,105)**	(5,194)
Profit for the financial year		**12,727**	16,397

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

The notes form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for year ended 31 March 2023

	2023 £'000	2022 £'000
Profit for the financial year	**12,727**	16,397
Re-measurement of net defined benefit obligation (note 20)	**963**	590
Tax relating to items of other comprehensive income (note 19)	**(241)**	(114)
Other comprehensive income	**722**	476
Total comprehensive income	**13,449**	16,873

BALANCE SHEET

as at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Intangible assets	10	**39,861**	32,721
Tangible assets	11	**51,064**	54,930
Investments	12	**33,222**	2,757
		124,147	90,408
Current assets			
Stocks	14	**19,247**	20,672
Debtors			
- due within one year	15	**201,813**	100,164
- due after more than one year	15	**2,761**	3,995
Cash at bank and in hand		**92,511**	200,426
		316,332	325,257
Creditors: amounts falling due within one year	16	**(317,312)**	(295,778)
Net current (liabilities)/assets		**(980)**	29,479
Total assets less current liabilities		**123,167**	119,887
Creditors: amounts falling due after more than one year	17	**(2,186)**	(7,231)
Provisions for liabilities	19	**(9,057)**	(6,861)
Net assets		**111,924**	105,795
Capital and reserves			
Called-up share capital	21	**1,158**	1,158
Share premium account	21	**143**	143
Profit and loss account	21	**110,623**	104,494
Shareholders' funds		**111,924**	105,795

Approved by the board of directors, authorised for issue on 18 August 2023 and signed on its behalf by:

James Rigby
Director
SCC EMEA CEO
Company Registration Number: 01428210
Registered in England and Wales

STATEMENT OF CHANGES IN EQUITY

for the Year Ended 31 March 2023

	Called-up share capital £'000	Share premium account £'000	Profit and loss account £'000	Total £'000
At 1 April 2021	1,158	143	138,324	139,625
Profit for the financial year	-	-	16,397	16,397
Re-measurement of net defined benefit liability (note 20)	-	-	590	590
Tax relating to items of other comprehensive income	-	-	(114)	(114)
Total comprehensive income	-	-	16,873	16,873
Dividend paid/declared (note 9)	-	-	(50,704)	(50,704)
At 31 March 2022	1,158	143	104,494	105,795
Profit for the financial year	-	-	12,727	12,727
Re-measurement of net defined benefit obligation (note 20)	-	-	963	963
Tax relating to items of other comprehensive income (note 19)	-	-	(241)	(241)
Total comprehensive income	-	-	13,449	13,449
Dividends paid/declared (note 9)	-	-	(7,320)	(7,320)
At 31 March 2023	**1,158**	**143**	**110,623**	**111,924**

CASH FLOW STATEMENT

for the Year Ended 31 March 2023

	Note	2023 £'000	2022 £'000
Net cash flows from operating activities	22	**(59,602)**	63,038
Cash flows from investing activities			
Proceeds from sale of software and equipment		**324**	62
Purchase of software and equipment		**(13,299)**	(7,276)
Interest received		**589**	13
Acquisitions		**(27,228)**	(4,325)
Payment of deferred contingent consideration	19	**(2,080)**	-
Dividends received		**2,083**	-
Net cash flow used in investing activities		**(39,611)**	(11,526)
Cash flows from financing activities			
Dividends paid		**(7,320)**	(50,704)
Repayment of obligations under finance leases		**(197)**	(438)
Interest paid		**(1,185)**	(377)
Net cash flow used in financing activities		**(8,702)**	(51,519)
Net decrease in cash and cash equivalents		**(107,915)**	(7)
Cash and cash equivalents at beginning of year		**200,426**	200,433
Net decrease in cash and cash equivalents		**(107,915)**	(7)
Cash and cash equivalents at end of year		**92,511**	200,426
Reconciliation of cash at bank and in hand			
Cash at bank and in hand at end of year		**92,511**	200,426
Cash and cash equivalents at end of year		**92,511**	200,426

1
Significant accounting policies

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

1.1
General information and basis of accounting

Specialist Computer Centres plc is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered office of the Company is provided in the Company Information section of this Annual Report. The nature of the Company's operation and its principal activities are set out in the strategic report and directors' report.

The financial statements are prepared under the historical cost convention, except for certain financial assets and liabilities (including derivative financial instruments), which are measured at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The amendments of accounting standards in the year that are effective for the year ended 31 March 2023 have had no impact on the financial statements of the Company.

The functional currency of the Company is considered to be pound sterling because that is the currency of the primary economic environment in which the Company operates. As a wholly owned subsidiary of SCC EMEA Limited it has taken advantage of the exemption under section 400 of the Companies Act 2006 from preparing consolidated financial statements.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of certain disclosure exemptions available to it in respect of its financial statements in relation to preparing related party, shared based payments and financial instrument disclosures.

1.2
Going concern

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

The strategic report describes the financial position of the Company; its financial risk management objectives and its exposure to credit risk and liquidity risk.

The Company has secured banking facilities to meet its day to day working capital requirements.

The Company's forecasts and projections, taking into account reasonable possible changes in trading performance, show that the Company should be able to operate within the level of their current facilities and available cash resources. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a minimum of 12 months from the date of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.3 Intangible assets - Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its expected useful economic life. The assessment of the economic life is undertaken by reference to the nature of the business acquired, the structure of the deal and the future intentions for the business. In the opinion of the directors the average expected useful economic life will be 10 years with a maximum of 20 years. Provision is made for any impairment.

1.4 Intangible assets – Software costs

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

1.5 Intangible assets – Development costs

Research and development
Research expenditure is written off as incurred. Software development expenditure is also written off as incurred except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases and provided they meet the criteria in accordance with Section 18 of the FRS 102, the identifiable expenditure is capitalised as an intangible asset. Amortisation is not provided on software development until the asset is complete and ready for its intended use.

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

1.6 Tangible fixed assets

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

Freehold land and buildings	up to 50 years
Leasehold land and buildings	up to 50 years
Fixtures and fittings Other up to 3 years Data centres up to 50 years	
Motor vehicles	3 to 6 years

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

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

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

1.7 Investments

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

1.8 Impairment of assets

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

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

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

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

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

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

1.9
Stocks

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

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

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

1.10
Employee benefits

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

The Company is the registered employer for a section of the Railway Pension Scheme, a closed defined benefit scheme with no active members such that no contributions are payable by the employer or the members. The Company is also the registered employer for a section of the Federated Pension Plan, a closed defined benefit scheme in which there are 3 active members.

Service costs arising during the period are charged to the profit and loss account. The net interest cost is charged to the profit and loss account and included within finance costs. Re-measurement comprising actuarial gains and losses arising from changes in assumptions are recognised immediately in other comprehensive income.

1.11
Share based payments

The Company has issued equity-settled share based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of the grant.

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

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

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

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

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

1.12
Cash and cash equivalents

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

1.13
Financial instruments

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

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

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

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

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

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

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

1.14
Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits of the Company and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments for periods that are different from those in which they are recognised in the financial statements.

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

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

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

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

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

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

1.15
Foreign currency

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

1.16
Lease accounting

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

Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

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

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

1.17 Turnover

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

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

1.18 Rebates and marketing income

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

Lump sum payments received in advance of performance are recognised over the period of the agreement.

1.19 Government grants

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

1.20 Contractual obligations under preferred vendor schemes

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

1.21 Provisions

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

1.22 Interest income

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

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

2.1 Critical judgements in applying the Company's accounting policies

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

2.2 Key sources of estimation of uncertainty

There are no 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.

3. Turnover

	2023 £'000	2022 £'000
By geographical destination		
United Kingdom	**809,895**	744,600
Continental Europe	**14,078**	11,449
Rest of World	**122**	39
	824,095	756,088
By category		
Sale of goods	**628,563**	552,257
Rendering of services	**195,429**	203,728
Government grants	**103**	103
	824,095	756,088

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

4. Finance costs (net)

	2023 £'000	2022 £'000
Interest payable and similar charges	1,185	377
Investment income	(612)	(14)
Other finance costs	228	102
	801	465

	2023 £'000	2022 £'000
Interest payable and similar charges		
Interest on finance facilities	1,162	344
Finance leases and hire purchase contracts	22	33
Other interest payable	1	-
	1,185	377

	2023 £'000	2022 £'000
Interest receivable and similar income		
Interest receivable from other group companies	(37)	-
Other interest receivable	(575)	(14)
	(612)	(14)

	2023 £'000	2022 £'000
Other finance costs		
Unwinding of discount on long term debtors/creditors	98	87
Net interest on defined benefit schemes (note 20)	4	15
Fair value adjustment on derivative instruments	126	-
	228	102

5. Profit before taxation

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

	2023 £'000	2022 £'000
Depreciation of tangible fixed assets	**8,103**	8,246
Amortisation of intangible assets	**1,307**	1,640
Amortisation of goodwill	**433**	-
Research expenditure	**1,102**	1,900
Government grant income	**(103)**	(103)
Operating lease rentals	**4,253**	4,603
Foreign exchange gains	**(1,325)**	(616)
Fair value adjustment on derivative	**126**	-
Gain on disposal of fixed assets	**(46)**	(59)
Cost of stock recognised as an expense	**578,978**	509,142
Impairment of stock recognised as an expense	**8**	260
Other operating income - CJRS government grants*	**-**	(162)
Other operating income - rental income	**(138)**	(457)

The analysis of auditor's remuneration is as follows:

	2023 £'000	2022 £'000
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**273**	244
Other taxation advisory services	**13**	10
Total non-audit fees	**13**	10

*CJRS grants received were repaid in full in the prior year.
No services were provided pursuant to contingent fee arrangements.

6. Staff costs

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

	2023 Number	2022 Number
Sales	**378**	309
Administration	**262**	204
Engineering	**1,020**	979
Warehouse	**122**	121
	1,782	1,613

Their aggregate remuneration comprised:

	2023 £'000	2022 £'000
Wages and salaries	**99,721**	85,005
Social security costs	**12,794**	9,877
Pension costs	**2,403**	2,148
	114,918	97,030

The above remuneration excludes redundancy payments of £658,368 (2022: £2,153,323).

Pension costs relate to contributions into defined contribution schemes, and the service cost in respect of defined benefit schemes.

7. Tax on profit

	2023 £'000	2022 £'000
Current tax		
Corporation tax	**222**	3,051
Adjustments in respect of prior years	**(7)**	(350)
Total current tax	**215**	2,701
Deferred tax		
Origination and reversal of timing differences	**2,039**	969
Adjustments in respect of prior years	**207**	414
Effect of changes in tax rate	**644**	1,110
Total deferred tax (note 19)	**2,890**	2,493
Total tax on profit	**3,105**	5,194

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:

	2023 £'000	2022 £'000
Factors affecting the tax charge for the year		
Profit before tax	**15,832**	21,591
Tax on profit at standard UK corporation tax rate of 19% (2022: 19%)	**3,008**	4,102
Effects of:		
Expenses not deductible for tax purposes	**275**	146
Income not taxable for tax purposes	**(1,065)**	(232)
Transfer pricing adjustments	**43**	5
Adjustment in respect of prior years	**200**	63
Effect of changes in tax rate	**644**	1,110
Total tax charge for year	**3,105**	5,194

The standard rate of corporation tax in the UK is currently 19%. An increase to the main rate of corporation tax in the UK to 25% from April 2023 was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. Deferred tax at the balance sheet date has been measured using these enacted tax rates and reflected in these financial statements.

8. Directors' Remuneration and Transactions

The remuneration of the directors was as follows:

	2023 £'000	2022 £'000
Emoluments	**1,225**	3,133
Company contributions to money purchase schemes	**34**	61
	1,259	3,194

Included within the emoluments disclosed above is compensation for loss of office of £nil (2022: £794,000).

The above amounts do not include any gains made on the exercise of share options or the value of any shares or share options received. No director exercised share options in the year (2022 - none). During the year, no share options were granted to the directors (2022 - none).

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

The total remuneration of directors paid by other Group Companies was £2,169,000 (2022: £2,156,000). No directors are accruing benefits under a Group pension scheme.

Pensions
The number of directors for whom retirement benefits are accruing under a defined contribution scheme is 5 (2022: 5)

Remuneration of highest paid Director

	2023 £'000	2022 £'000
Emoluments	**730**	1,154
Company contributions to money purchase schemes	**19**	19
	749	1,173

9. Dividends

Dividends receivable
The profit after tax before dividend received for the financial year was £10.6m (2022: £16.4m). Dividends received from subsidiaries during the year were £2.1m (2022: £nil).

	2023 £'000	2022 £'000
Dividends from subsidiary undertakings	**2,083**	-

Dividends payable
Amounts recognised as distributions to equity holders in the period:

	2023 £'000	2022 £'000
Dividends have been paid of £7.13 per share (2022: £49.39)	**7,320**	50,704

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

10. Intangible fixed assets

	Goodwill £'000	Software costs £'000	Development costs £'000	Total £'000
Cost				
At 1 April 2022	8,227	26,482	13,981	48,690
Additions	-	1,296	7,583	8,879
At 31 March 2023	8,227	27,778	21,564	57,569
Amortisation				
At 1 April 2022	3,902	12,067	-	15,969
Charge for the year	433	1,306	-	1,739
At 31 March 2023	4,335	13,373	-	17,708
Net Book Value				
At 31 March 2023	3,892	14,405	21,564	39,861
At 31 March 2022	4,325	14,415	13,981	32,721

Amortisation charged on goodwill and software costs is included within administrative expenses in the profit and loss account.

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

11. Tangible fixed assets

	Land and Buildings Freehold £'000	Land and Buildings Leasehold £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2022	16,945	21,775	86,407	2,322	127,449
Additions	14	65	4,142	250	4,471
Reclassifications	552	(552)	-	-	-
Disposals	-	(392)	(740)	(383)	(1,515)
At 31 March 2023	17,511	20,896	89,809	2,189	130,405
Depreciation					
At 1 April 2022	2,100	10,111	58,569	1,739	72,519
Charge for the year	455	872	6,522	254	8,103
Reclassifications	12	(14)	(1)	3	-
Disposals	-	(368)	(543)	(370)	(1,281)
At 31 March 2023	2,567	10,601	64,547	1,626	79,341
Net Book Value					
At 31 March 2023	14,944	10,295	25,262	563	51,064
At 31 March 2022	14,845	11,664	27,838	583	54,930

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

	Land and Buildings Freehold £'000	Land and Buildings Leasehold £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
At 31 March 2023	-	-	-	562	562
At 31 March 2022	-	-	-	572	572

12. Investments

	Shares in subsidiary undertakings £'000
As at 1 April 2022	2,757
Additions	30,465
As at 31 March 2023	33,222

12. Investments (continued)

Subsidiary undertakings

On 31 March 2023 the Company held investments in 100% of the ordinary share capital of the following subsidiary undertakings:

Company subsidiary undertakings	Country of incorporation	Nature of Holding	Principal activity
SCC AVS Limited	England and Wales	Direct	Audio visual services
SCC (UK) Limited	England and Wales	Direct	Dormant
SCC Capital Limited	England and Wales	Direct	Dormant
Visavvi Limited	England and Wales	Indirect	Audio visual services
Quadra Concepts (UK) Limited	England and Wales	Indirect	Manufacture of furniture
Sea Holdings (UK) Limited	England and Wales	Direct	Holding company
Sea Holdings Limited	England and Wales	Indirect	Holding company
Quadra AV Furniture Limited	England and Wales	Indirect	Dormant
Saville Audio Visual Group Limited	England and Wales	Indirect	Dormant
The Saville Group Limited	England and Wales	Indirect	Dormant
Vohkus Limited	England and Wales	Direct	Systems integration
E-Plenish Limited	England and Wales	Indirect	Systems integration
Meggha Technologies SRL	Romania	Indirect	Systems integration
Meggha Private Ltd	Singapore	Indirect	Systems integration
Meggha Technologies Private Ltd	India	Indirect	Systems integration
Meggha Technologic Services SL	Spain	Indirect	Systems integration
Meggha Limited	England and Wales	Indirect	Dormant
Azure Factory Limited	England and Wales	Indirect	Dormant
M2 Smile Limited	England and Wales	Direct	Dormant
Oworx Limited	England and Wales	Direct	Dormant

Please see below for the registered offices of all the subsidiaries of Specialist Computer Centres plc.

Entity	Registered offices
SCC AVS Limited **SCC (UK) Limited** **SCC Capital Limited** **Oworx Limited** **M2 Smile Limited**	James House, Warwick Road, Birmingham, West Midlands, B11 2LE United Kingdom
Vohkus Limited **E-Plenish Limited** **Meggha Limited** **Azure Factory Limited**	Centurion House, Barnes Wallis Road, Fareham, Hampshire, England, PO15 5TT
Meggha Technologies SRL	Cluj Business Campus, Strada Henri Barbusse, Cluj-Napoca, Romania
Meggha Private Ltd	112 Robinson Road, Singapore
Meggha Technologies Private Ltd	Purva Premiere, Residency Road, Ward NO 76, Bengaluru (Bangalore) Urban, Karnataka, 560025
Meggha Technologic Services SL	Carrer Del Pallas 193, Barcelona, 08005, Espana
Visavvi Limited **Quadra Concepts (UK) Limited** **Sea Holdings (UK) Limited** **Sea Holdings Limited** **Quadra AV Furniture Limited** **Saville Audio Visual Group Limited** **The Saville Group Limited**	Unit 5 Millfield Lane, Nether Poppleton, York, YO26 6PQ

13. Acquisitions

Visavvi

On 6 May 2022 Specialist Computer Centres plc acquired the entire share capital of SEA Holdings (UK) Limited, an audio-visual specialist group trading as Visavvi and incorporated in the UK, which included subsidiary undertakings of SEA Holdings Limited, The Saville Group Limited and Quadra Concepts (UK) Ltd. Total consideration was £15.3m and cash acquired was £1.2m.

In the year ended 31 March 2023 turnover of £23.0m and profit of £231,000 was included in the consolidated profit and loss account since the date of acquisition.

Vohkus

On 20 March 2023 Specialist Computer Centres plc acquired the entire share capital of IT reseller Vohkus Limited group, consisting of Vohkus Limited (IT reseller incorporated in the UK), E-Plenish Limited (IT reseller incorporated in the UK), Meggha Technology SRL (incorporated in Romania), Meggha Private Ltd (incorporated in Singapore), Meggha Technologies Private Ltd (incorporated in India) and Meggha Technologies SRL (incorporated in Spain).

Total consideration was £15.2m, of which £1.6m was deferred and expected to be paid by 31 July 2024, and cash acquired was £3.6m.

In the year ended 31 March 2023 turnover of £3.9m and profit of £212,000 was included in the consolidated profit and loss account since the date of acquisition.

SCC AVS

On 29 April 2022, Specialist Computer Centres plc exercised its call option to acquire the remaining 20% shares in SCC AVS Limited for £2.1m, resulting in the settlement of the deferred consideration recognised (note 19). Investment was accounted as 100% owned from inception.

14. Stocks

	2023 £'000	**2022 £'000**
Goods held for resale	**12,158**	13,956
Print consumables	**4,995**	4,765
Maintenance stock	**2,094**	1,951
	19,247	20,672

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

15. Debtors

Amounts falling due within one year:

	2023 £'000	2022 £'000
Trade debtors	**114,476**	66,462
Amounts owed by Group undertakings	**50,631**	4,906
Other debtors	**10,450**	9,353
Corporation tax	**3,630**	1,227
Prepayments and accrued income	**22,626**	18,216
	201,813	100,164

In the UK, the Company has a rolling facility with HSBC Invoice Finance (UK) Limited providing a combination of recourse and non-recourse financing. The facility is reviewed on an annual basis and has been maintained at £80m for the year. This facility provides capacity for the Company to be adequately financed to meet peak borrowing requirements which fluctuate during the year in line with the normal variability of transaction activity. Additionally an unsecured overdraft facility of £20 million exist, which is subject to a rate of 1.65% over SONIA.

Within amounts owed by Group undertakings is an intercompany loan issued to a Group entity of £40.4 million (2022: £nil). The loan is unsecured, non-interest bearing and repayable on demand. All other amounts owed by Group undertakings arise from normal trading and cash pooling activities, unsecured, non-interest bearing and repayable on demand. These are all subsidiary undertakings of Rigby Group (RG) plc.

Amounts falling due after more than one year:

	2023 £'000	2022 £'000
Trade debtors	**539**	1,757
Defined benefit pensions (note 20)	**791**	-
Prepayments and accrued income	**1,431**	2,238
	2,761	3,995

16. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Obligations under finance leases and HP contracts	**118**	110
Trade creditors	**226,508**	215,374
Group relief creditor	**166**	186
Amounts owed to Group undertakings	**11,817**	3,673
Other taxation and social security	**22,537**	22,816
Other creditors	**5,940**	7,006
Government grants	**103**	103
Deferred revenue	**27,651**	22,348
Accruals	**22,346**	24,162
Derivative financial liabilities (note 18)	**126**	-
	317,312	295,778

All amounts owed to Group undertakings arise from normal trading activities, are unsecured, not subject to interest and are repayable on demand. These are all subsidiary undertakings of Rigby Group (RG) plc.

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

	2023 £'000	2022 £'000
Obligations under finance leases and HP contracts	**172**	96
Deferred income	**286**	4,174
Government grants	**46**	149
Trade creditors	**1,682**	2,812
	2,186	7,231

Net obligations under hire purchase contracts

	2023 £'000	2022 £'000
Repayable within one year (note 16)	**118**	110
Repayable between one and five years (note 17)	**172**	96
	290	206

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

18. Derivative financial instruments

	2023 £'000	2022 £'000
Liabilities		
Forward foreign currency contracts	126	-

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 Company entered into contracts with suppliers to buy goods in US Dollars and supply goods to customers in Sterling. The Company entered into forward foreign currency transactions to hedge the exchange rate risk arising from those anticipated future transactions, which were considered by management as hedges of foreign exchange risk in a highly probable forecast transaction.

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

			Nominal value		Market value	
	2023 Rate	2022 Rate	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Buy US Dollar						
Less than 3 months	1.210	-	4,602	-	4,476	-
			4,602	-	4,476	-

There are no significant terms and conditions that may affect the amount, timing, and certainty of future cash flows.

19. Provisions for liabilities

	Deferred contingent consideration £'000	Defined benefit (note 20) £'000	Deferred tax £'000	Total £'000
At 1 April 2022	2,080	155	4,626	6,861
Acquisitions	1,300	-	-	1,300
Charged to the profit and loss account	-	46	2,890	2,936
(Credited)/charged to other comprehensive income	-	(963)	241	(722)
Utilisation of provisions	(2,080)	(29)	-	(2,109)
Transfer to debtors (note 15)	-	791	-	791
At 31 March 2023	1,300	-	7,757	9,057

Opening deferred contingent consideration of £2,080,000 arose on the acquisition of SCC AVS Limited and was settled during the year. Deferred consideration of £1,300,000 arose on the acquisition of Vohkus Limited and is expected to be paid by 31 July 2024.

Deferred Taxation

The Company's net deferred taxation liability comprises:

	2023 £'000	2022 £'000
Deferred taxation asset		
- recoverable within one year	**167**	-
- recoverable after more than one year	**-**	231
Deferred taxation liability		
- payable within one year	**(748)**	(544)
- payable after more than one year	**(7,176)**	(4,313)
	(7,757)	(4,626)

	£'000
As at 1 April 2022	(4,626)
Charged to profit and loss account	(2,890)
Charged to other comprehensive income	(241)
As at 31 March 2023	(7,757)

The net deferred taxation liability is made up as follows:

	2023 £'000	2022 £'000
Depreciation in excess of capital allowances	**(7,724)**	(4,857)
Other timing differences	**(33)**	231
	(7,757)	(4,626)

At 31 March 2023, there are no deferred tax assets which have not been provided for (2022: none).

20. Employee benefits

Defined Benefit Schemes

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

(i) the Specialist Computer Centres Section of the Railway Pension Scheme, a shared cost final salary pension scheme which is closed to new members. The scheme has no remaining active members and as such there will be no future contributions to the scheme made by the members or the employer. A formal actuarial valuation was undertaken as at 31 December 2019, an actuarial valuation on the scheme at 31 December 2022 is currently ongoing, the next valuation being due as at 31 December 2025.

(ii) the Specialist Computer Centres Section of the Federated Pension Plan, a shared final salary pension scheme which is closed to new members. The scheme has 3 active members (2022: 3 members) and the best estimate of the contributions payable by the Company for the next financial year is £29,000. A formal actuarial valuation was undertaken at 5 April 2022, the next valuation being due as at 5 April 2025.

For the purposes of these financial statements and in order to account for both schemes under the provisions of Section 28 of Financial Reporting Standard 102 (FRS 102), the Company, where material, has engaged the services of an external actuary to undertake a FRS 102 valuation as at 31 March 2023 and 31 March 2022.

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

	2023 %	2022 %
Inflation	3.4	3.6
Future pension increases	3.0	3.2
Discount rate	4.8	2.7

Mortality assumptions

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

	2023	2022
Male currently aged 65	20.2	20.5
Male currently aged 45	21.8	22.3
Female currently aged 65	23.2	23.5
Female currently aged 45	25.1	25.3

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

	2023 £'000	2022 £'000
Current service cost	24	29
Net interest cost	4	15
Expenses	18	24
Total amount charged in profit and loss account	46	68
Actuarial gains recognised in other comprehensive income	(963)	(590)
Total credit relating to defined benefit obligation	(917)	(522)

20. Employee benefits (continued)

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

	2023 £'000	2022 £'000
Present value of defined benefit obligations	**3,585**	4,749
Fair value of scheme assets	**(4,376)**	(4,594)
Net (asset)/liability recognised in the balance sheet	**(791)**	155

Movements in the defined benefit obligations were as follows:

	£'000
At 1 April 2022	4,749
Current service cost	24
Interest cost	113
Contributions	3
Actuarial gains	(1,197)
Actual benefit payments	(107)
At 31 March 2023	3,585

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

	£'000
At 1 April 2022	4,594
Interest income on assets	109
Loss on plan assets	(234)
Contributions	32
Actual benefit payments	(125)
At 31 March 2023	4,376

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

	2023 £'000	2022 £'000
Growth assets	**1,535**	3,691
Government bonds	**2,317**	445
Non-government bonds	**183**	137
Cash	**341**	321
Total asset value	**4,376**	4,594

21. Called-up share capital and reserves

	2023 Number	2022 Number	2023 £'000	2022 £'000
Allotted, called-up and fully-paid				
Ordinary shares of £1 each	1,026,671	1,026,671	1,026	1,026
A Ordinary Shares of £1 each	132,000	132,000	132	132
	1,158,671	1,158,671	1,158	1,158

Ordinary shareholders have full rights to receive dividends and capital distributions and each share confers upon the holder one vote. Ordinary shares are not redeemable. A ordinary shareholders are entitled to receive notice and vote at general meetings of the Company. They confer no right to receive dividends.

The A ordinary shares have a par value of £1, and a share premium of £1.08.

The Company's reserves comprise the following:

- Profit and loss account which comprises the accumulated profits and losses of the Company net of any dividends paid.
- Share premium account of £143,000 which represents the premium on the shares issued under the long term incentive plan.

22. Net cash flows from operating activities

	2023 £'000	2022 £'000
Operating profit	**14,550**	22,056
Adjustment for:		
Depreciation of tangible fixed assets	**8,103**	8,246
Amortisation of intangible fixed assets	**1,740**	1,640
Profit on sale of tangible fixed assets	**(46)**	(59)
Service cost on defined benefit obligation	**42**	53
Operating cash flow before movement in working capital	**24,389**	31,936
Decrease/(increase) in stocks	**1,425**	(8,391)
(Increase)/decrease in debtors	**(98,308)**	35,871
Increase in creditors	**14,429**	7,024
	(58,065)	66,440
Income tax paid	**(1,537)**	(3,402)
Cash generated by operations	**(59,602)**	63,038

A separate note on the changes in net debt is not presented within these financial statements. The non cash element of the net debt relates to the hire purchase obligations (note 17) and the derivative financial liabilities (note 18). The total closing balance of the two items are £416,000 (2022: £206,000).

23. Contingent liabilities

The Company is party to a cross guarantee on the overdrafts and bank facilities of certain UK companies owned directly or indirectly by SCC EMEA Limited. At 31 March 2023, the indebtedness of these UK group undertakings amounted to £119,409 (2022: £nil).

24. Financial commitments

	2023 £'000	2022 £'000
Capital commitments contracted but not provided for:		
- Property, non-finance leases	**531**	234
- Software development	**127**	-
Total	**658**	234

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

	2023		2022	
Group	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	**1,725**	**1,068**	2,136	595
Between two and five years	**6,207**	**2,036**	6,157	974
In over five years	**7,926**	**-**	6,606	-
	15,858	**3,104**	14,899	1,569

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

25. Controlling party

Ultimate parent undertaking

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

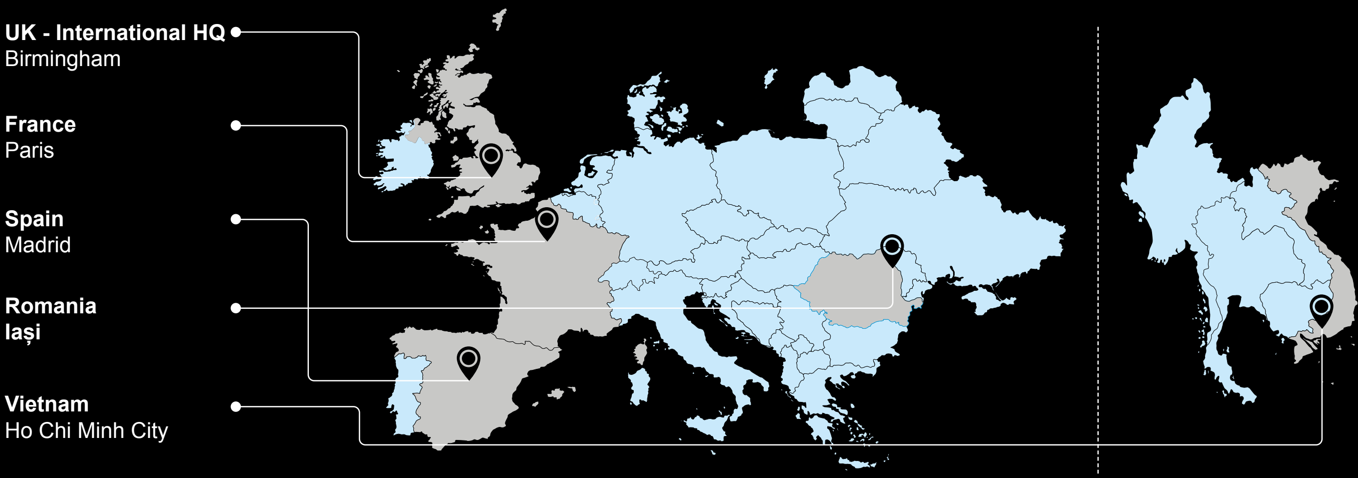
The largest group of which the Company is a member, and for which consolidated financial statements are drawn up, is that headed by Rigby Group (RG) plc. Consolidated financial statements are available at Bridgeway House, Stratford Upon Avon, Warwickshire, CV37 6YX, which is its registered office.

Ultimate controlling body

Sir Peter Rigby, a director of Rigby Group (RG) plc, controls the Company as a result of holding 52.02% of the issued ordinary share capital and 60% of the voting rights of Rigby Group (RG) plc, the ultimate parent undertaking.

SCC EMEA PERFORMANCE

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



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

Specialist Computer Centres plc is reported within the UK segment of the Group which has delivered a combined turnover of £881.0m and Operating Profit of £17.4m.

				Constant Currency		
Revenue by Segment	FY22 £m	**FY23 £m**	**Change %**	FY22 £m	**FY23 £m**	**Constant Currency**
UK	777.2	881.0	13%	777.2	881.0	13%
France	1,802.6	2,308.7	28%	2,121.2	2,662.3	26%
Spain	74.4	92.6	24%	87.6	106.9	22%
GDC	21.9	27.1	24%	24.8	30.4	22%
Total Group	**2,625.6**	**3,250.0**	**24%**	**2,625.6**	**3,260.9**	**24%**

Operating Profit by Segment	FY22 £m	**FY23 £m**	**Change %**	FY22 £m	**FY23 £m**	**Constant Currency**
UK	23.6	17.4	-26%	23.6	17.4	-26%
France	39.5	57.5	45%	46.6	66.2	42%
Spain	1.6	2.8	70%	1.9	3.2	64%
GDC	1.2	1.6	32%	1.4	1.8	29%
Total Group	**64.4**	**68.3**	**6.1%**	**64.4**	**66.8**	**4%**

Constant currency movements are calculated using local currency results in each division and so remove the impact of the movement in the average exchange rates between 2022 and 2023.

Supporting customers across Europe

Leading strategic partner to 50+ leading vendors

Multi-award winning Managed Services & Data Centres

Multi lingual global delivery centres

More than 5,500 employees

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

Consolidated Financial Highlights of SCC EMEA Limited

Our FY23 has been another record year for the group with year-on-year growth against all of key performance indicators.

For the second year we have seen growth across of all of our territories which has been really pleasing as it is driven from a combination of both organic and acquisition growth.

This is against the backdrop of continued macro-economic uncertainty: higher interest rates and volatile foreign exchange, combined with IT market constraints impacting supply channels.

We generated £66.5m of post tax profit for the year, similar to the prior year of £63.6, an improvement of 4.5% following a year of turnover growth, product mix changes and an expansion in our cost base.

In Q1 the UK division acquired SEA Holdings UK Group (Visavvi), AV specialists and in Q4 Vohkus Limited, a UK-focused Value Added Reseller (VAR). These provide us with more exciting opportunities to expand our capabilities and customer offerings presenting an additional platform for growth in the UK.

Turnover

Group turnover has grown by 24% year on year and now stands at £3.3bn. France continues to deliver the largest part of group turnover at 70% up from 68% last year.

Overall France turnover is up by 26% to €2.7bn (2022: €2.1bn), compared to prior year driven primarily by the continued growth in the Turnover of the product business particularly in software which accounts for 40% of total sales (FY22: 40%).

In Spain we have seen turnover growth of 22% to €106.9m which is a record for this business on top of a 12% growth in the prior year. Growth has been achieved in both product and services.

Turnover in our Global Delivery Centres (GDC) which support our UK and France operations, have grown by 24%, Romania (22%) and Vietnam (10%) on a constant currency basis. Operating both in-country service delivery centres alongside our GDC operations ensures we have the right solutions available to our customers.

Profitability

Operating profit for the group at £68.3m is up 6% (2022: £64.4m).

France accounts for 74% of group operating profit (2022: 61%) and on a constant currency basis has increased by 42% to €66.2m, which has been driven by growth in both the product and services businesses. The refinancing of our warehousing operations in France generated a gain of €12.5m with renewed terms enabling the long term use of our key distribution facility.

The UK accounts for 22% of the group profit a decline of 14% on last year. The new Visavvi activity contributed £0.3m of operating profit and the AVS business grew again by 55%, on top of 37% increase last year and is now delivering £3.2m of operating profit.

In Spain gross profit increased by 23% to €10.4m maintaining a gross profit percentage at 9.7% (FY22 9.6%) consolidating last year's focus on better margin business. Operating profit increased by 64% from €1.9m to €3.1m which represents a record year for this business for a second year. Whilst overheads have increased by 11% on prior year to support the growth in the business the operating profit percentage has also increased again for the second year from 2% to 4%.

Our GDCs have contributed £1.6m (2022: £1.2m) of operating profit for the group, an increase of 32% on prior year with growth in both Vietnam and Romania driven by higher activity levels supporting our French and UK businesses.

Net Assets

Overall net assets for the group have increased by 21% to £196.3m (2022: £161.8m).

Headcount

Average headcount increased from 5,861 in the prior year to 6,303 and the average cost per head increased by 7.1% in the year.

COMPANY INFORMATION

01	**Directors**	Sir Peter Rigby Ms PA Rigby Mr JP Rigby Mr SP Rigby Mr DA Badman Mr A Clark Mr MT Nutter
02	**Company Secretary**	Mr MT Nutter
03	**Registered Office**	James House Warwick Road Birmingham West Midlands B11 2LE United Kingdom
04	**Auditors**	Deloitte LLP Statutory Auditor Four Brindleyplace Birmingham West Midlands B1 2HZ United Kingdom
05	**Bankers**	HSBC UK Bank plc 120 Edmund Street Birmingham West Midlands B3 2QZ United Kingdom
06	**Solicitors**	Gowling WLG (UK) LLP 2 Snowhill Birmingham West Midlands B4 6WR United Kingdom
07	**Company Number**	01428210

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