

**Concentrix CVG Intelligent Contact Limited
(formerly Convergys Intelligent Contact Limited)**

Annual report and financial statements
31 December 2018
Registered number 02714607

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Strategic Report

The directors present their strategic report for the 12 months ended 31 December 2018.

Principal activity

The company is a wholly owned subsidiary of Convergys Holdings (UK) Limited. The company's principal business activities are the design and delivery of innovative direct marketing and contact strategies for the UK corporate market place. This includes the provision of a sophisticated blend of business and consumer data, database marketing and analytical services. The company provides a fully managed in-house service and utilises the Convergys IC Business and Consumer contact Files. The company's principal activities are in the UK. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

Business review and key financial performance indicators

As shown in the company's statement of comprehensive income on page 10, the company's result after tax for the year amounted to £2,362,000 loss (2017 - £307,000 profit). During the period employee numbers averaged 3,730 (average for period ended 31 December 2017 – 4,390). The balance sheet on page 12 of the financial statements shows that the net asset position as at 31 December 2018 has decreased by £1,993,000 (period ended 31 December 2017 – increased by £482,000).

	2018 £000	2017 £000	Change %
Turnover from continuing operations	95,562	93,691	2%
(Loss)/profit before tax	-2,727	289	1,044%
(Loss)/profit after tax	-2,362	307	-869%
Shareholders' Funds	37,020	39,013	-5%
Current assets as % of current liabilities	296	331	-11%
Average number of employees	3,730	4,390	-15%

The increase in turnover of £1,871,000 (2%) during the year is primarily driven by the ramp up of one client. The result before tax decreased to £2,727,000 loss. Current assets as a percentage of current liabilities has regressed by 11% because of an increase in liabilities. There has been a decrease of 15% in the number of employees.

On October 5, 2018, SYNnex Corporation acquired Convergys Corporation by merging into Concentrix CVG Corporation, a wholly owned subsidiary of SYNnex Corporation, which added scale, diversified our revenue base, expanded Concentrix's delivery footprint and strengthened Concentrix's leadership position as a top global provider of customer engagement services.

Concentrix's vision is to be the greatest customer engagement services company in the world, rich in diversity and talent, leveraging its strong financial position to drive long-term value for clients and shareholders.

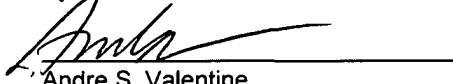
As a result of the acquisition, on October 23, 2018, the company changed its name to Concentrix CVG Intelligent Contact Limited (formerly Convergys Intelligent Contact Limited).

Strategic Report (continued)

Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company. The company manages this risk by providing added value services to its customers and by maintaining strong relationships with its customers. The company is financed by a loan from its parent and its ultimate parent undertaking. It has no third party debt.

By order of the board


Andre S. Valentine
Director

July 17 2019

70 Atlantic Street
Broadheath
Altrincham
WA14 5FY

Directors' Report

The directors present their report for the 12 months ended 31 December 2018.

Dividends

No dividend has been paid during the period (31 December 2017 – £nil).

Going concern

The Company's business activities, financial performance and position, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on page 2. The directors have prepared the accounts on a going concern basis as the company's ultimate parent undertaking has confirmed that it will provide the necessary financial support to enable the company to meet its liabilities as they fall due for at least 17 months from the date of signing these accounts. Also keeping in view the current year's performance and future forecasts, the directors have prepared the accounts on a going concern basis as there are no indicators to suggest that there will be a departure from the going concern presumption.

Future developments

The directors expect the company to either maintain or improve sales for the foreseeable future and drives to be profitable to report healthy profit figures.

Directors

The directors who held office during the year and thereafter were as follows:

A.S. Valentine

P. Telfer

B. Luciano

Appointed on February 20, 2019

Resigned on February 20, 2019

The directors did not benefit from qualifying third party indemnity provisions in place and/or qualifying pension scheme indemnity provisions during the financial year and at the date of this report. The Company did not provide qualifying third party indemnity provisions to certain directors of associated companies during the financial year and at the date of this report.

Employees

Details of the number of employees and related costs can be found in note 5 to the financial statements.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that the training, career development and promotion of disabled persons, should, as far as possible be identical with that of other employees.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them through regular meetings and newsletters. Employee representatives are consulted regularly on a range of matters affecting their interests.

Political contributions

The Company did not make any political donations or incur any political expenditure during the year.

Directors' Report (continued)

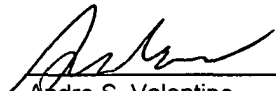
Disclosure of information to auditor

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

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



Andre S. Valentine
Director

July 17 2019

70 Atlantic Street
Broadheath
Altrincham
WA14 5FY

Statement of Directors' Responsibilities

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the statement of comprehensive income 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 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 taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

to the members of Concentrix CVG Intelligent Contact Limited (formerly Convergys Intelligent Contact Limited)

Opinion

We have audited the financial statements of Concentrix CVG Intelligent Contact Limited (formerly Convergys Intelligent Contact Limited) for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet and the related notes 1 to 22, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 below. 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 FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report (continued)

to the members of Concentrix CVG Intelligent Contact Limited (formerly Convergys Intelligent Contact Limited)

Other information (continued)

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

We have nothing to report in this regard.

Opinion on other matter 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, 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.

Independent Auditor's Report (continued)

to the members of Concentrix CVG Intelligent Contact Limited (formerly Convergys Intelligent Contact Limited)

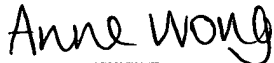
Auditor's responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Anne Wong (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

19 July 2019

Statement of Comprehensive Income
for year ended 31 December 2018

	Note	2018 £000	2017 £000
Turnover	2	95,562	93,691
Cost of sales		<u>-76,234</u>	<u>-65,843</u>
Gross profit		19,328	27,848
Administrative expenses		-22,358	-27,821
Other operating income	3	<u>305</u>	<u>258</u>
Operating (loss)/profit	4	-2,725	285
Interest receivable and similar income	7	-	4
Interest payable and similar charges	7	<u>-2</u>	<u>-</u>
(Loss)/profit on ordinary activities before taxation		-2,727	289
Tax	8	<u>365</u>	<u>18</u>
(Loss)/profit for the financial year		<u>-2,362</u>	<u>307</u>

All amounts above relate to continuing operations of the company.

Statement of Changes in Equity
at 31 December 2018

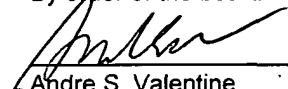
	Share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2017	1,229	37,302	38,531
Profit for the financial year	0	307	307
Total comprehensive income for the year	0	307	307
Share based payment expense	0	175	175
At 31 December 2017	1,229	37,784	39,013
Loss for the financial year	0	-2,362	-2,362
Total comprehensive loss for the year	0	-2,362	-2,362
Share based payment expense	0	369	369
At 31 December 2018	1,229	35,791	37,020

Balance Sheet
at 31 December 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	9	3,203	3,246
		<u>3,203</u>	<u>3,246</u>
Current assets			
Debtors amounts falling due within one year	10	52,648	49,336
Cash at bank and in hand	11	12	4,004
		<u>52,660</u>	<u>53,340</u>
Creditors: amounts falling due within one year	12	-17,767	-16,122
		<u>34,893</u>	<u>37,218</u>
Net current assets			
		<u>38,096</u>	<u>40,464</u>
Total assets less current liabilities			
		<u>38,096</u>	<u>40,464</u>
Creditors: amounts falling due after more than one year	13	-219	-23
Accruals and deferred income: Deferred government grants	14	-857	-1,428
		<u>37,020</u>	<u>39,013</u>
Net assets			
		<u>37,020</u>	<u>39,013</u>
Capital and reserves			
Called up share capital	18	1,229	1,229
Profit and loss account		35,791	37,784
		<u>37,020</u>	<u>39,013</u>
Shareholders' funds			
		<u>37,020</u>	<u>39,013</u>

The financial statements were approved by the board of directors on July 17, 2019 and were signed on its behalf by:

By order of the board


Andre S. Valentine
Director

July 17 2019

70 Atlantic Street
Broadheath
Altrincham
WA14 5FY

The notes on pages 13 to 26 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Concentrix CVG Intelligent Contact Limited (formerly Convergys Intelligent Contact Limited) (the "Company") is a company limited by shares and incorporated and domiciled in England, at 70 Atlantic Street, Broadheath, Altrincham WA14 5FY.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, SYNEX Corporation, includes the Company in its consolidated financial statements. The consolidated financial statements of SYNEX Corporation are available to the public and may be obtained from the address in note 22. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of SYNEX Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Operating lease commitments

The company, as a lessee, obtains use of plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires a liability to be recognised in the statement of financial position.

The following are the company's key sources of estimation uncertainty:

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

Taxation

Estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timings and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further information is given in note 16.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

The directors have prepared the accounts on a going concern basis as the company's ultimate parent undertaking has confirmed that it will provide the necessary financial support to enable the company to meet its liabilities as they fall due for at least 17 months from the date of signing these accounts. Also keeping in view the current year's performance and future forecasts, the directors have prepared the accounts on a going concern basis as there are no indicators to suggest that there will be a departure from the going concern presumption.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

1.4 Basic financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|--------------------------|---------------|
| • Leasehold improvements | 5 to 15 years |
| • Computer equipment | 3 to 5 years |
| • Fixtures and fittings | 5 years |

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.6 Government grants

Government grants are recognised when it is reasonable to expect they will be received and that all related conditions will be met. They are included within accruals and deferred income in the balance sheet and credited to the statement of comprehensive income in the periods in which the related costs are incurred.

1.7 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

1.7 Impairment excluding deferred tax assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

1.8 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

1.8 Employee benefits (continued)

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share-based payment transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted, and is recognised as an expense over the vesting period. In all cases, the equity is in the ultimate parent company, Convergys Corporation, and thus the expense charged in the financial statements of the company is a "pass-down" charge as per guidance in section 26 of FRS 102.

Fair value for restricted stock units issued is determined by the share price on the date of grant of the award.

No expense is recognised for awards that do not ultimately vest. At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of likely achievement of the vesting conditions (continuing employment through to vesting date). The movement in the cumulative expense is recognised as a cost in the statement of comprehensive income, with the corresponding entry going to profit and loss account reserves.

1.9 Turnover

Turnover is the total amount receivable by the Company for services provided, excluding VAT and trade discounts. The Company supplies services to customer under contractual relationships. Under these contracts, revenue is recognised on performance by the Company of all contractual obligations. Where contracts require performance of a number of different services, the contract is accounted for as two or more separate transactions only where the commercial substance is that the individual components operate independently of each other.

1.10 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

1.10 Expenses (continued)

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and finance leases recognised in the statement of comprehensive income using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.11 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies (continued)

1.11 Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

	2018 £000	2017 £000
United Kingdom	91,593	88,133
Europe	3,949	5,547
Rest of the world	20	11
Total turnover	95,562	93,691

3 Other operating income

	2018 £000	2017 £000
Government grants	305	258
Total other operating income	305	258

4 Operating (loss)/profit

	2018 £000	2017 £000
Operating (loss)/profit is stated after charging:		
Depreciation	1,565	1,560
Operating lease rentals - land and buildings	1,904	1,530
Restructuring costs expensed as incurred – included in administrative expenses	440	331
Auditor's remuneration	49	45

Notes (continued)
(forming part of the financial statements)

5 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018	2017
Selling	30	35
Administration	235	222
Operations and IT	3,465	4,133
Total number of employees	3,730	4,390

The aggregate payroll costs of these persons were as follows:

	2018	2017
	£000	£000
Wages and salaries	72,311	70,621
Social security costs	4,899	5,480
Total payroll costs	77,210	76,101

6 Directors' remuneration

	2018	2017
	£000	£000
Directors' remuneration	283	206

Remuneration relates to the highest paid director only.

	Number of directors	
	2018	2017
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	1	1

The remaining Directors provide services to other group companies. Where their services to this company are inconsequential to their other roles no remuneration is disclosed as being in respect of their services to this company.

Notes (continued)
(forming part of the financial statements)

7 Interest receivable and interest payable

	2018 £000	2017 £000
Interest payable on financial liabilities at amortised cost	0	0
Interest payable other	2	0
Total other interest payable and similar charges	2	0
Interest receivable on financial liabilities at amortised cost	0	4
Interest receivable other	0	0
Total other interest receivable and similar charges	0	4

8 Taxation

Analysis of (credit)/charge in period

	2018 £000	2017 £000
<i>UK corporation tax</i>		
Current tax on income for the year	0	39
Adjustment in respect of previous years	0	12
Total current tax (credit)/charge	0	51
<i>Deferred tax</i>		
Origination and reversal of timing differences	-365	-66
Adjustment in respect of previous years	0	-3
Effect of tax rate change on opening balance	0	0
Total deferred tax (credit)	-365	-69
Total tax (credit) on loss on ordinary activities	-365	-18

Reconciliation of effective tax rate

	2018 £000	2017 £000
(Loss)/profit for the year	-2,362	307
Total tax expense/(credit)	-365	-18
Profit excluding taxation	-2,727	289
Tax using the UK corporation tax rate of 19.00% (2017: 19.25%)	-518	56
Fixed asset differences	68	28
Expenses not deductible for tax purposes	23	8
Adjustments in respect of prior periods	0	9
Group relief surrender/claim for no payment	0	-90
Other permanent differences - share based payments	19	-32
Tax rate differences on deferred tax	43	3
Total tax credit included in profit or loss	-365	-18

Notes (continued)
(forming part of the financial statements)

8 Taxation (continued)

The March 2016 Budget announced that the rate effective from 1 April 2020 will further reduce to 17%, and this was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

9 Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Fixtures & fittings £000	Total £000
Cost				
Balance at 1 January 2018	4,647	11,949	3,111	19,707
Additions	932	476	275	1,683
Disposals	-	-174	-	-174
Transfers	-106	-	-46	-152
Balance at 31 December 2018	<u>5,473</u>	<u>12,251</u>	<u>3,340</u>	<u>21,064</u>
Depreciation				
Balance at 1 January 2018	3,540	10,597	2,324	16,461
Depreciation charge for the year	615	764	186	1,565
Disposals	-	-165	-	-165
Balance at 31 December 2018	<u>4,155</u>	<u>11,196</u>	<u>2,510</u>	<u>17,861</u>
Net book value				
At 1 January 2018	<u>1,107</u>	<u>1,352</u>	<u>787</u>	<u>3,246</u>
At 31 December 2018	<u>1,318</u>	<u>1,055</u>	<u>830</u>	<u>3,203</u>

10 Debtors

	2018 £000	2017 £000
Trade debtors	13,040	8,032
Amounts owed by group undertakings	27,364	26,218
Prepayments and accrued income	11,301	13,271
Corporation tax	232	1,469
Deferred tax assets (see note 16)	711	346
Total Debtors	<u>52,648</u>	<u>49,336</u>
Due within one year	52,648	49,336
Due after more than one year	0	0
Total Debtors	<u>52,648</u>	<u>49,336</u>

Notes (continued)
(forming part of the financial statements)

11 Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	12	4,004
Total cash and cash equivalents	12	4,004

12 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	723	833
Amounts owed to group undertakings	6,429	5,232
Social security and other taxes	2,947	2,409
Accruals and deferred income: Deferred government grants	285	-
Accruals and deferred income: Other	7,383	7,648
Total creditors: amounts falling due within one year	17,767	16,122

13 Creditors: amounts falling after more than one year

	2018 £000	2017 £000
Accruals and deferred income	219	0
Obligations under finance leases	0	23
Total creditors: amounts falling after more than one year	219	23

14 Accruals and deferred income: Deferred government grants

	2018 £000	2017 £000
Balance as per 1 January	1,428	1,665
Cash received	19	21
Grants recognised	-305	-258
Balance as per 31 December	1,142	1,428
Deferred government grants: amounts falling due within one year	285	0
Deferred government grants: amounts falling after more than one year	857	1,428
	1,142	1,428

Notes (continued)
(forming part of the financial statements)

15 Other interest-bearing loans and borrowings
Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease payments 2018 £000	Minimum lease payments 2017 £000
Less than one year	0	0
Between one and five years	0	23
Total other interest-bearing loans and borrowings	0	23

16 Deferred tax assets

Deferred tax assets are attributable to the following:

	Assets 2018 £000	Assets 2017 £000
Accelerated capital allowances	-410	-236
Other short term timing differences	-99	-110
Losses and other deductions	-202	0
Net tax assets	-711	-346

In addition to the deferred tax asset above, the company has additional unrecognised gross tax losses of £nil (2017 - £nil) in respect of capital losses carried forward.

17 Share based payments

Certain employees of the company have been granted share based payments by the company's ultimate parent undertaking, Convergys Corporation. Convergys Corporation had authorized 38 million common shares for issuance under the Convergys Corporation 1998 Long-Term Incentive Plan (Convergys LTIP), as amended on 28 January 2011. The Convergys LTIP provides for the issuance of stock-based awards to certain employees and Directors. From time to time, Convergys Corporation grants restricted stock awards that generally vest over terms of three to five years, pursuant to the plan. During the restriction period, restricted stock awards entitle the holder to all the rights of a holder of common shares (other than the right to transfer the shares). Unvested shares are restricted as to disposition and subject to forfeiture under certain circumstances. Convergys Corporation began granting certain employees and Directors restricted stock units. Unlike the restricted stock awards discussed above, the restricted stock units do not possess dividend or voting rights. The restricted stock units consist of both time-related and performance-related units. The restrictions for the time-related restricted stock units lapse three years after the grant date. The performance-related units vest upon Convergys Corporation's satisfaction of certain financial performance conditions (relative stock return). Performance-related units that have not vested by the end of three years from the grant date (i.e. the performance conditions for vesting of those units have not been met within that period) are forfeited.

Notes (continued)
(forming part of the financial statements)

Share based payments (continued)

Costs incurred in the company represent those costs accounted for in SYNnex Corporation which relate to employees of the company. The expense recognised in respect of equity-settled share based payments in the year to 31 December 2018 is £369,000 (2017 - £175,000).

After SYNnex Corporation acquired Convergys Corporation by merging into Concentrix CVG Corporation (on October 5, 2018), the share plan program for the legacy Convergys employees ended. The outstanding and unvested RSU awards in the Convergys Long Term Incentive Plan (LTIP) as of October 5, 2018 were converted into a cash award based on the value of the merger consideration (at \$24.76 per share). These cash awards vest and will be paid as follows:

- Cash in respect of awards granted prior to March 31, 2016 vested and were paid via local payroll following the closing of the transaction, and
- Cash in respect of awards granted on or after March 31, 2016 will, subject to continued employment, vest and be paid on the regularly scheduled vesting dates, subject to the terms of the award agreement.

18 Capital and reserves

Share capital

	2018	2017
	£000	£000
Allotted, called up and fully paid 1,228,987 ordinary shares of £ 1.00 each	1,229	1,229
Total capital and reserves	1,229	1,229

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018	2017
	£000	£000
Less than one year	1,727	1,618
Between one and five years	4,804	5,590
More than five years	1,461	2,485
Total operating leases	7,992	9,693

During the year £1,904,000 was recognised as an expense in the statement of comprehensive income in respect of operating leases (2017 - £1,762,000).

Notes (continued)
(forming part of the financial statements)

20 Commitments

Capital commitments

The Company contractual commitments to purchase tangible fixed assets at the year-end were £nil (2017 - £34,000).

21 Related party transactions

As the Company is a subsidiary of SYNnex Corporation, the Company has taken advantage of the exemption contained in FRS102 Section 33 Related Party Disclosure and has therefore not disclosed transactions with other wholly owned subsidiaries of SYNnex Corporation.

22 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Convergys Holdings (UK) Limited, a company registered in the UK. On October 5, 2018, SYNnex Corporation acquired Convergys Corporation by merging into Concentrix CVG Corporation, a wholly owned subsidiary of SYNnex Corporation (NYSE: SNX). The ultimate parent undertaking and controlling party is SYNnex Corporation which is registered in the United States. SYNnex Corporation is located at 44201 Nobel Drive, Fremont, California 94538.

The largest and smallest group in which the results of the Company are consolidated is that headed by SYNnex Corporation, incorporated in the United States. No other group financial statements include the results of the Company. The consolidated financial statements of SYNnex Corporation are available to the public.