Registered number: 04298949

AGILISYS MANAGED SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

AGILISYS MANAGED SERVICES LIMITED

COMPANY INFORMATION

Directors	C S Mindenhall S M Beard
Registered number	04298949
Registered office	Second Floor 26-28 Hammersmith Grove London W6 7AW
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London WC2N 6RH
Bankers	Barclays Bank PLC 1 Churchill Place London E14 5HP

AGILISYS MANAGED SERVICES LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Introduction

The Company's Strategic Report for the year ended 31 March 2016 is set out below.

Business review

The trading results and the Company's financial position at the end of the financial year are shown in the accompanying financial statements. The Company made a profit for the financial year of £386,000 (2015: loss of £253,000).

Principal risks and uncertainties

The principal business risks relate to IT managed service contracts where service level agreements are committed to and where there is a financial risk if these services are not met. The Company has a robust review and escalation process to ensure that it continually operates within these agreed service levels and should there be a breach, remedial action is taken before any business risk occurs to either the Company or its customers.

Financial key performance indicators

The Directors track various financial and operational KPIs. Financial KPIs tracked are turnover and gross margins across business units and overall overhead costs. Comparison is made of month to month trends and against budget. The table below sets out the key financial KPIs for the current and prior financial years.

	2016	2015	**2016**	2015	
	£'000	£'000	**%**	%	**Commentary**
Turnover / % variance	**4,407**	6,867	**(36)**	14	Turnover has fallen in FY16 as a result of certain contracts coming to an end during the financial year.
Gross profit / margin	**455**	284	**10**	4	Gross margin is the ratio of gross profit expressed as a percentage of turnover. Gross margin has increased as a result of new projects and IT services generating higher margins.
Operating profit / (loss) / margin	**387**	(259)	**9**	4	Operating profit margin is the ratio of operating profit before tax expressed as a percentage of turnover. Operating profit margin has increased as a result of lower administration costs.

STRATEGIC REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2016

Other key performance indicators

The operational KPIs tracked are key services levels for system and application availability times and service desk response times.

Financial risk management policy

The Company finances its operations by a combination of shareholders' funds and bank facilities and has a limited number of overseas operations. Therefore the Company's main financial risks are primarily:

- credit risk – primarily attributable to trade debtors and accrued income;
- market risk and principally interest rate risk – primarily attributable to the Company's cash balances; and
- liquidity risk – this is the risk that suitable funding for the Company's activities may not be available.

The Board approves the Company's treasury policy and senior management control day-to-day operations. The objectives are to manage financial risk, to ensure sufficient liquidity is maintained to meet foreseeable needs, and to invest cash assets safely and profitably. Relationships with banks, lenders and cash management are coordinated centrally.

Minimal cash balances are maintained in overseas operations and their cash requirement is monitored weekly. The Company's trade debtors and accrued income relate to long term contracts with established customers in the public sector. The credit risk associated with the trade debtor and accrued income balances is minimised by the credit worthiness of our customers and the credit management procedures in operation.

The Company has exposure to the translation of trading results from overseas operations from their local currency back to Sterling. This exposure relates to Indian rupees with India and the Euro with the Irish entity. As this is purely an accounting issue the Company does not hedge it. Exposure to foreign currency net assets is not hedged as there is no intention to realise such assets. The Company faces a small exposure to currency risk as it has limited overseas operations. Consequently it currently does not hedge this exposure either.

This report was approved by the board on 8 July 2016 and signed on its behalf.

S M Beard
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements for the year ended 31 March 2016.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the annual report and 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102, 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 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 for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

Results and dividends

The profit for the financial year, after taxation, amounted to £325,000 *(2015 - loss £259,000)*.

The Company did not pay a dividend during the year (2015: £nil).

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

C S Mindenhall
S M Beard

Future developments

The company's parent company has confirmed its intention to support the Company so far as to ensure that it meets it liabilities as they fall due for at least 12 months after the date of approval of the financial statements and consequently the directors have prepared the financial statements on a going concern basis.

The directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Agilisys Group Limited. The directors have received confirmation that Agilisys Group Limited intend to support the Company for at least one year after the financial statements are signed.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

Going concern

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The Board of Directors have reviewed the working capital requirements of the Company for a period of at least 12 months following the signing date of these financial statements and the impact of the UK electorate's decision to vote to leave the European Union. Although there will be a resulting period of uncertainty for the UK economy following the vote, the Board of Directors do not consider that this uncertainty has an impact on the fair value of assets and liabilities, reported at the balance sheet date at 31 March 2016, nor will it have a significant impact on the financial performance of the business over the going concern period. The Board of Directors consider that the Company has adequate reserves to fulfil all of the Company's obligations as they fall due and therefore consider it appropriate to prepare the financial statements on a going concern basis.

Directors' indemnities provision

As permitted by the Articles of Association the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 July 2016 and signed on its behalf.

S M Beard
Director

Independent auditors' report to the members of Agilisys Managed Services Limited

Report on the financial statements

Our opinion

In our opinion, Agilisys Managed Services Limited's financial statements (the "financial statements"):

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

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 March 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Darryl Phillips (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

22 July 2016

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	*2015* *£000*
Turnover	3	4,407	*6,867*
Cost of sales		(3,952)	*(6,583)*
Gross profit		455	*284*
Administrative expenses		(68)	*(536)*
Operating profit/(loss)	4	387	*(252)*
Interest payable and similar charges	7	(1)	*(1)*
Profit/(loss) on ordinary activities before taxation		386	*(253)*
Tax on profit/(loss) on ordinary activities	8	(61)	*(6)*
Profit/(loss) for the financial year		325	*(259)*

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 11 to 28 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note		2016 £000		*2015 £000*
Fixed assets					
Intangible assets	9		**2**		*33*
Tangible assets	10		**28**		*235*
			30		*268*
Current assets					
Debtors	11	**3,430**		*826*	
Cash at bank and in hand	12	**23**		*1,228*	
		3,453		*2,054*	
Creditors	13	**(2,737)**		*(1,901)*	
Net current assets			**716**		*153*
Total assets less current liabilities			**746**		*421*
Creditors: amounts falling due after more than one year	14		**(1,350)**		*(1,350)*
Net liabilities			**(604)**		*(929)*
Capital and reserves					
Called up share capital	17		**-**		*-*
Other reserves	18		**123**		*123*
Profit and loss account	18		**(727)**		*(1,052)*
Total equity			**(604)**		*(929)*

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 July 2016.

S M Beard
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Other reserves	Retained earnings	Total equity
	£000	£000	£000
At 1 April 2015	123	(1,052)	(929)
Comprehensive income for the year			
Profit for the year	-	325	325
Total comprehensive income for the year	-	325	325
At 31 March 2016	123	(727)	(604)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Other reserves	Retained earnings	Total equity
	£000	£000	£000
At 1 April 2014	123	(793)	(670)
Comprehensive loss for the year			
Loss for the year	-	(259)	(259)
Total comprehensive loss for the year	-	(259)	(259)
At 31 March 2015	123	(1,052)	(929)

The notes on pages 11 to 28 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, (FRS 102) and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 23.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Going concern

The directors believe that preparing the financial statements on the going concern basis under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, is appropriate due to the continued financial support of the parent company Agilisys Holdings Limited. The directors have received confirmation that Agilisys Holdings Limited intends to support the company for at least one year from the date these financial statements have been signed.

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The Board of Directors have reviewed the working capital requirements of the Company for a period of at least 12 months following the signing date of these financial statements and the impact of the UK electorate's decision to vote to leave the European Union. Although there will be a resulting period of uncertainty for the UK economy following the vote, the Board of Directors do not consider that this uncertainty has an impact on the fair value of assets and liabilities, reported at the balance sheet date at 31 March 2016, nor will it have a significant impact on the financial performance of the business over the going concern period. The Board of Directors consider that the Company has adequate reserves to fulfil all of the Company's obligations as they fall due and therefore consider it appropriate to prepare the financial statements on a going concern basis.

1. Accounting policies (continued)

1.3 Revenue recognition

Revenue is measured at the fair value of the fees received or receivable and represents amounts receivable for services provided to third parties in the normal course of business, net of discounts, Value Added Tax and other sales related taxes. Revenue from consultancy services, installation and other services is recognised when services have been provided and the right to consideration has been earned. It excludes expenses recharged to clients at nil margin which are accounted for as a contribution to cost of sales. Revenue from maintenance, support and other periodically contracted services or products is recognised on a percentage of completion based on delivery over the contracted period. Asset refresh recognises revenue when the assets are delivered. Revenue for long term repetitive service contracts is recognised evenly over the life of the contract where the services delivered do not change year on year, where the value of services alters in the contract the revenue recognised is adjusted accordingly. The related costs are recognised in the period in which they are incurred. Amounts invoiced but not recognised are accounted for within deferred income. Profits on fixed price contracts are taken in proportion to the work performed on each contract relative to the estimated total completion of the contract.

Provision is made for all anticipated contract losses as soon as they are identified. Profits on time and material contracts are recognised in line with the effort expended.

Where the company enters into contracts with multiple elements, where elements are separable, the revenue is allocated to each element based on the relative fair values. Where the amounts are not separable or the fair values are not available the revenues are recognised evenly over the period that the services are provided.

The gross amount due from customers for contract work is included within trade and other receivables and the gross amount due to suppliers is included with trade and other payables.

1.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

Licences
Licence costs are capitalised and amortised over the period which benefit will be derived from those assets. The licences are amortised over a 5 year period.

These assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired. Amortisation is charged to administrative expenses in the Statement of Comprehensive Income.

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	33.3% - 50% p.a.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Cash and cash equivalents

Cash and cash equivalents is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.8 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

(a) Debt instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate,

1. Accounting policies (continued)

1.8 Financial instruments (continued)

the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

(i) Financial assets

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

(ii) Financial liabilities

Basic financial liabilties, including trade and other payables, bank loans, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

(c) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.10 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

1. Accounting policies (continued)

1.11 Employee benefits

(i) Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

1.12 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Statement of financial position date.

1.13 Provisions for liabilities

Provisions are recognised where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Income statement in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

1. Accounting policies (continued)

1.14 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax
The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

(ii) Deferred tax
Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Current or deferred taxation assets and liabilities are not discounted.

2. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. *Turnover*

An analysis of turnover by class of business is as follows:

	2016 £000	*2015 £000*
The turnover for the year is attributable to the principal activity of the company and is generated from a single class of business	4,407	*6,867*
	4,407	*6,867*

All turnover arose within the United Kingdom.

4. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2016 £000	*2015 £000*
Disposal loss on tangible fixed assets:	79	*-*
Depreciation of tangible fixed assets	139	*154*
Amortisation of intangible assets, including goodwill	32	*36*
Defined contribution pension cost	348	*260*

During the year, no director received any emoluments *(2015 - £NIL)*.

The emoluments of the Directors' are paid by the parent company which makes no recharge to the Company. The Directors' are also Directors' of the parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of the Directors'. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the parent company.

5. Auditors' remuneration

	2016 £000	*2015 £000*
Audit related assurance services	5	*5*
	5	*5*

6. Employees

Staff costs were as follows:

	2016 £000	*2015 £000*
Wages and salaries	2,087	*1,838*
Social security costs	547	*449*
Other pension costs	348	*260*
	2,982	*2,547*

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	*2015 No.*
Management, technical and administrative	168	*135*

7. Interest payable and similar charges

	2016 £000	*2015 £000*
Interest payable and similar charges	1	*1*
	1	*1*

8. Taxation

	2016 £000	*2015 £000*
Corporation tax		
Current tax on profits for the year	81	-
	81	-
Total current tax	81	-
Deferred tax		
Changes to tax rates	(20)	*6*
Total deferred tax	(20)	*6*
Taxation on profit on ordinary activities	61	*6*

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than *(2015 - lower than)* the standard rate of corporation tax in the UK of 20% *(2015 - 21%)*. The differences are explained below:

	2016 £000	*2015 £000*
Profit / (loss) on ordinary activities before tax	**386**	*(254)*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%)	77	*(50)*
Effects of:		
FRS 102 adjustments	(16)	-
Adjustments to tax charge in respect of prior periods	(1)	-
Other timing differences leading to an increase in taxation	1	*6*
Utilisation of tax losses	-	*50*
Total tax charge for the year	61	*6*

Factors that may affect future tax charges

Tax rate changes
Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 20 October 2015.

9. Intangible assets

	Licences £000
Cost	
At 1 April 2015	**1,287**
At 31 March 2016	**1,287**
Amortisation	
At 1 April 2015	**1,254**
Charge for the year	**32**
At 31 March 2016	**1,286**
Net book value	
At 31 March 2016	**1**
At 31 March 2015	*33*

10. Tangible assets

	Computer equipment £000
Cost or valuation	
At 1 April 2015	2,915
Additions	10
Disposals	(257)
At 31 March 2016	2,668
Depreciation	
At 1 April 2015	2,680
Charge owned for the period	139
Disposals	(178)
At 31 March 2016	2,641
Net book value	
At 31 March 2016	27
At 31 March 2015	*235*

11. Debtors

	2016 £000	*2015 £000*
Trade debtors	174	*234*
Amounts owed by group undertakings	1,837	-
Other debtors	-	*21*
Deferred taxation	148	*128*
Prepayments and accrued income	1,271	*442*
	3,430	*825*

11. Debtors (continued)

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayments and are repayable on demand.

12. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	23	1,228
	23	1,228

13. Creditors

	2016 £000	2015 £000
Trade creditors	21	148
Amounts owed to group undertakings	-	801
Taxation and social security	975	552
Other creditors	34	25
Accruals and deferred income	1,707	375
	2,737	1,901

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	2016 £000	2015 £000
Shares classified as financial liabilities	1,350	1,350
	1,350	1,350

Disclosure of the terms and conditions attached to the non-equity shares is made in note 17.

15. Financial instruments

	2016 £000	2015 £000
Financial assets		
Trade debtors	174	234
Prepayments	1,196	21
Accrued income	75	421
Other debtors	-	21
Amount owed by group undertakings	1,837	-
	3,282	697
Financial liabilities		
Trade creditors	(21)	(148)
Accruals	(1,707)	(375)
Amounts owed to group undertakings	-	(801)
Other creditors	(34)	(25)
	(1,762)	(1,349)

16. Deferred taxation

	Deferred tax
	£000
At 1 April 2015	128
Charged to the profit or loss	20
At 31 March 2016	**148**

The deferred tax asset is made up as follows:

	2016	*2015*
	£000	*£000*
Accelerated capital allowances	146	*123*
Other timing differences	2	*5*
	148	*128*

17. Called up share capital

	2016 £000	*2015* *£000*
Shares classified as equity		
Allotted, called up and fully paid		
100 *(2015: 100)* Ordinary shares of £1 each	-	-

The 1,350,000 0.1% Convertible redeemable preference shares of £1 each are redeemable in the future years based on the future profit of the company. The shares are classed as a long term liability as they are convertible into deferred shares upon the achievement of certain circumstances. The preference shares do not hold voting rights and carry a right to a fixed dividend of 0.1% p.a. The deferred shares do not hold voting rights and carry a right to a fixed dividend of 0.1% p.a.

	2016 £000	*2015* *£000*
Shares classified as debt		
Allotted, called up and fully paid		
1,350,000 (2015:1,350,000) Convertible Redeemable Preference shares of £1 each	**1,350**	*1,350*

18. Reserves

Profit and loss account

The balance held on this reserve is the accumulated retained profits of the Company.

19. Pension commitments

Defined contribution scheme
The Company classifies all of its pension scheme arrangements as defined contribution schemes. The assets of the schemes are held separately from those of the Company in independently administered funds.

20. Related party transactions

The Company has related party balances with Floream Limited and Ijento Limited. The turnover in the year with Floream was £120,000, with a closing debtor balance of £9,000. The turnover in the year with Ijento was £358,000, with a closing debtor balance of £30,000.

The Company does not disclose transactions with members of the same group that are wholly owned, as they are exempt.

21. Events after the reporting period

There have been no material post balance sheet events.

22. Controlling party

The immediate parent company is Agilisys Limited. The ultimate parent company and controlling party is Agilisys Employee Ownership Trust, a trust registered in Jersey.

The smallest group to consolidate the financial statements of the company is headed by Agilisys Holdings Limited, a company incorporated in England and Wales. The largest group to consolidate the financial statements of the company is headed by Agilisys Group Limited. The consolidated financial statements for these entities are available from:

Second Floor
26-28 Hammersmith Grove
London
W6 7AW

23. Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements are prepared under the previous UK GAAP were for the year ended 31 March 2015. The date of the transition was 1 April 2015.

Statement of financial position

	Note	*As previously stated 1 April 2014 £000*	*Effect of transition 1 April 2014 £000*	**FRS 102 (as restated) 1 April 2014 £000**	*As previously stated 31 March 2015 £000*	*Effect of transition 31 March 2015 £000*	**FRS 102 (as restated) 31 March 2015 £000**
Fixed assets		*433*	-	**433**	*268*	-	**268**
Current assets		*3,346*	-	**3,346**	*2,054*	-	**2,054**
Creditors		*(3,044)*	*(55)*	**(3,099)**	*(1,833)*	*(68)*	**(1,901)**
Net current assets		*302*	*(55)*	**247**	*221*	*(68)*	**153**
Total assets less current liabilities		*735*	*(55)*	**680**	*489*	*(68)*	**421**
Creditors: amounts falling due after more than one year		*(1,350)*	-	**(1,350)**	*(1,350)*	-	**(1,350)**
Net liabilities		*(615)*	*(55)*	**(670)**	*(861)*	*(68)*	**(929)**
Capital and reserves		*(615)*	*(55)*	**(670)**	*(861)*	*(68)*	**(929)**

23. Transition to FRS 102 (continued)

	Note	*As previously stated 31 March 2015 £000*	*Effect of transition 31 March 2015 £000*	**FRS 102 (as restated) 31 March 2015 £000**
Comprehensive income statement				
Turnover		*6,867*	-	**6,867**
Cost of sales		*(6,583)*	-	**(6,583)**
		284	-	**284**
Administrative expenses		*(523)*	*(13)*	**(536)**
Operating loss		*(239)*	*(13)*	**(252)**
Interest payable and similar charges		*(1)*	-	**(1)**
Taxation		*(6)*	-	**(6)**
Loss on ordinary activities after taxation and for the financial year		*(246)*	*(13)*	**(259)**

Explanation of changes to previously reported profit and equity:

1 In accordance with the requirements of Section 28 of FRS 102, a provision has been made for accumulating compensated absences. The effect of this change to the statement of financial position is a decrease to equity previously reported in FY14 of £55,000 and FY15 of £67,000. The effect of this change to the statement of comprehensive income is an increase in the loss reported of £13,000 in FY15.

2 In accordance with the requirements of Section 18 of FRS 102, an intangible asset is identifiable when it is separable or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from the rights and obligations. As a result licences which were previously classified as tangible assets have been re-classified as intangible assets. In FY14 £70,000 of licences were reclassified as intangibles and in FY15 £33,000 of licences were reclassified as intangibles. There has been no impact to the statement of comprehensive income as a result of this change.