
AGILISYS MANAGED SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017



AGILISYS MANAGED SERVICES LIMITED

COMPANY INFORMATION

Directors	C S Mindenhall S M Beard
Registered number	04298949
Registered office	Third Floor One Hammersmith Broadway London W6 9DL
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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AGILISYS MANAGED SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Introduction

The Company's Strategic Report for the year ended 31 March 2017 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 loss before taxation for the financial year of £40,000 (2016: profit of £386,000).

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.

	2017	2016	2017	2016	
	£'000	£'000	%	%	Commentary
Turnover / % variance	1,940	4,407	(56)	(36)	Turnover has fallen in FY17 as a result of certain contracts coming to an end during FY17
Gross (loss) / profit / margin	(23)	455	(1)	10	Gross margin is the ratio of gross profit expressed as a percentage of turnover. Gross margin has decreased as a result of certain contracts ending during the financial year and lower margins achieved.
Operating (loss) / profit / margin	(37)	387	(2)	9	Operating profit margin is the ratio of operating profit before tax expressed as a percentage of turnover. Operating profit margin has decreased as a result of the gross loss noted above

AGILISYS MANAGED SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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. 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 co-ordinated centrally.

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 30 June 2017 and signed on its behalf.


S M Beard
Director

AGILISYS MANAGED SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited 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 audited financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards Company FRS 102 have been followed subject to any material departures and explained in the financial statements; and
- prepare the audited 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 to enable them to ensure that the audited 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 loss for the financial year, after taxation, amounted to £62,000 (2016 - profit £325,000).

The Company did not pay a dividend during the year (2016: £nil).

Directors

The directors who served during the year were:

C S Mindenhall
S M Beard

AGILISYS MANAGED SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Future developments

The company's parent company has confirmed its intention to support the Company so far as to ensure that it meets its 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 financial statements on a 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.

AGILISYS MANAGED SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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. 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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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.

Independent auditors

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

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 30 June 2017 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 2017 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.

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 2017;
- 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

AGILISYS MANAGED SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £000
Turnover	3	1,940	4,407
Cost of sales		(1,963)	(3,952)
Gross (loss)/profit		(23)	455
Administrative expenses		(14)	(68)
Operating (loss)/profit	4	(37)	387
Interest payable and expenses	7	(3)	(1)
(Loss)/profit on ordinary activities before taxation		(40)	386
Taxation on (loss)/profit	8	(22)	(61)
(Loss)/profit for the financial year		(62)	325

There was no other comprehensive income for 2017 (2016:£NIL).

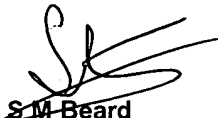
AGILISYS MANAGED SERVICES LIMITED
REGISTERED NUMBER: 04298949

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 £000	2016 £000
Fixed assets			
Intangible assets	9	-	2
Tangible assets	10	16	28
		<u>16</u>	<u>30</u>
Current assets			
Debtors	11	1,361	3,430
Cash at bank and in hand	12	96	23
		<u>1,457</u>	<u>3,453</u>
Creditors: amounts falling due within one year	13	(789)	(2,737)
Net current assets		<u>668</u>	<u>716</u>
Total assets less current liabilities		<u>684</u>	<u>746</u>
Creditors: amounts falling due after more than one year	14	(1,350)	(1,350)
Net liabilities		<u>(666)</u>	<u>(604)</u>
Capital and reserves			
Other reserves	18	123	123
Retained earnings	18	(789)	(727)
Shareholders deficit		<u>(666)</u>	<u>(604)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 June 2017.


S M Beard

Director

The notes on pages 12 to 27 form part of these financial statements.

AGILISYS MANAGED SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Other reserves	Retained earnings	Total equity
	£000	£000	£000
At 1 April 2016	123	(727)	(604)
Comprehensive income for the year			
Loss for the financial year	-	(62)	(62)
	<hr/>	<hr/>	<hr/>
At 31 March 2017	123	(789)	(666)
	<hr/>	<hr/>	<hr/>

AGILISYS MANAGED SERVICES LIMITED

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

	Other reserves £000	Retained earnings £000	Total equity £000
As at 1 April 2015	123	(1,052)	(929)
Comprehensive income for the year			
Profit for the financial year	-	325	325
	<hr/>	<hr/>	<hr/>
As at 31 March 2016	123	(727)	(604)
	<hr/>	<hr/>	<hr/>

The notes on pages 12 to 27 form part of these financial statements.

AGILISYS MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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.

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 Company has also taken a cashflow exemption.

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. 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.

AGILISYS MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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.

AGILISYS MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.5 Tangible 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.
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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 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 at bank and in hand

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 debtors and creditors, 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 debtors and creditors, 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

AGILISYS MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Accounting policies (continued)

1.8 Financial instruments (continued)

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, 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 liabilities, 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 Statements 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 Statement of comprehensive income 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.

AGILISYS MANAGED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

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 payment 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.

AGILISYS MANAGED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

1. Accounting policies (continued)

1.14 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge 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, 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.

AGILISYS MANAGED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

3. Turnover

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

	2017	2016
	£000	£000
The turnover for the year is attributable to the principal activity of the company and is generated from a single class of business	1,940	4,407
	1,940	4,407

All turnover arose within the United Kingdom.

4. Operating (loss)/profit

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

	2017	2016
	£000	£000
Disposal loss on tangible fixed assets	-	79
Depreciation of tangible fixed assets	22	139
Amortisation of intangible assets, including goodwill	1	32
Defined contribution pension cost	580	348

The emoluments of the Directors' are paid by the parent company, Agilisys Profesional Services Limited 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

	2017	2016
	£000	£000
The auditing of accounts of associates of the Company pursuant to legislation	5	5
	5	5

AGILISYS MANAGED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

6. Employees

Staff costs were as follows:

	2017 £000	2016 £000
Wages and salaries	8,103	2,087
Social security costs	828	547
Other pension costs	580	348
	9,511	2,982

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

	2017 No.	2016 No.
Management, technical and administrative	234	168

7. Interest payable and expenses

	2017 £000	2016 £000
Interest payable and similar charges	3	1
	3	1

AGILISYS MANAGED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

8. Taxation on (loss) / profit

	2017 £000	2016 £000
Corporation tax		
Current tax on (loss) / profits for the year	-	81
Adjustments in respect of previous periods	(3)	-
	<u>(3)</u>	<u>81</u>
Total current tax	<u>(3)</u>	<u>81</u>
Deferred tax		
Impact of change in tax rates	24	(20)
Adjustments in respect of previous periods	1	-
Total deferred tax	<u>25</u>	<u>(20)</u>
Taxation on (loss) / profit on ordinary activities	<u>22</u>	<u>61</u>

AGILISYS MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

8. Taxation on (loss) / profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - *lower than*) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
(Loss) / Profit on ordinary activities before tax	(41)	386
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(8)	77
Effects of:		
Group relief	33	(16)
Adjustments to tax charge in respect of prior periods	(2)	(1)
Other timing differences leading to an increase in taxation	(1)	1
Total tax charge for the year	22	61

Factors that may affect future tax charges

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

AGILISYS MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

9. Intangible assets

	Licences £000
Cost	
At 1 April 2016	1,287
At 31 March 2017	<u>1,287</u>
Amortisation	
At 1 April 2016	1,286
Charge for the year	1
At 31 March 2017	<u>1,287</u>
Net book value	
At 31 March 2017	<u>-</u>
At 31 March 2016	<u>1</u>

AGILISYS MANAGED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

10. Tangible assets

	Computer equipment £000
Cost or valuation	
At 1 April 2016	2,668
Additions	11
At 31 March 2017	<u>2,679</u>
Depreciation	
At 1 April 2016	2,641
Charge for the year	22
At 31 March 2017	<u>2,663</u>
Net book value	
At 31 March 2017	<u>16</u>
At 31 March 2016	<u>27</u>

11. Debtors

	2017 £000	2016 £000
Trade debtors	87	174
Amounts owed by group undertakings	1,071	1,837
Prepayments and accrued income	81	1,271
Deferred taxation	122	148
	<u>1,361</u>	<u>3,430</u>

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

AGILISYS MANAGED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

12. Cash at bank and in hand

	2017 £000	2016 £000
Cash at bank and in hand	96	23
	96	23

13. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	82	21
Other taxation and social security	341	975
Other creditors	57	34
Accruals and deferred income	309	1,707
	789	2,737

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

	2017 £000	2016 £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.

AGILISYS MANAGED SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

15. Financial instruments

	2017 £000	2016 £000
Financial assets		
Trade debtors	87	174
Prepayments	1	1,196
Accrued income	80	75
Amount owed by group undertakings	1,629	1,837
	<u>1,797</u>	<u>3,282</u>
Financial liabilities		
Trade creditors	(82)	-
Accruals	(309)	(1,707)
Other creditors	(57)	(34)
	<u>(448)</u>	<u>(1,741)</u>

AGILISYS MANAGED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

16. Deferred taxation

	2017 £000	2016 £000
At 1 April 2016		
At beginning of year	148	128
Charged / (credited) to profit or loss	(26)	20
At 31 March 2017	122	148

The deferred tax asset is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	146	146
Tax losses carried forward	(27)	-
Other timing differences	3	2
	122	148

17. Called up share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
100 (2016: 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.

	2017 £000	2016 £000
Shares classified as debt		
Allotted, called up and fully paid		
1,350,000 (2016: 1,350,000) Convertible Redeemable Preference shares of £1 each	1,350	1,350

AGILISYS MANAGED SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

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 Avado Limited (formerly known as Floream Limited) and Ijento Limited. The turnover in the year with Floream was £nil (2016: £120,000), with a closing debtor balance of £7,629. The turnover in the year with Ijento was £nil (2016: £358,000), with a closing balance of £nil (2016: £30,000).

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:

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