3789926

AGILISYS HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

AGILISYS HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	C S Mindenhall – Chairman K T Andrews S R Stradling M K Badale R M W Swinyard
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

CHAIRMAN'S STATEMENT
YEAR ENDED 31 MARCH 2011

FINANCIAL HIGHLIGHTS WITH A PORTFOLIO OF GROWTH

Strong performance and growth through contract awards have made the financial year ended 31 March 2011 a successful year for the Group despite a challenging background

	2011	2010	% Change
Turnover	**£93 0m**	£75 7m	+22 8%
Profit before tax, goodwill amortisation, share based payments (adjusted operating profit)	**£8.8m**	£6 6m	+33 3%
Profit before tax	**£8.1m**	£6 0m	+35 1%
Contracted forward order book	**£545m**	£336m	+62 2%
Net cash	**£15.7m**	£12 0m	+30 8%
Cashflow from operating activities as a percentage of profit before tax (cashflow conversion)	**209%**	72%	+190%

- Profit before tax increased by 35% from £6 0m to £8 1m on the back of the benefits of tight cost control and a focus on helping our clients to build, protect and improve frontline services and gain efficiencies
- Adjusted operating profit margin increased from 8 7% to 9 5% (adjusted operating profit is operating profit less share based payments and goodwill amortisation), reflecting cost control success
- Service quality, a strong focus on partnership and commercial flexibility have supported high win rates, with an 80% win rate on new bids and contributed to a 62% increase in the forward order book to £545m In 2012, we expect strong organic growth and overall turnover growth in excess of 25%, with contract awards providing high levels of visibility
- Group net cash (cash and short term deposits less borrowings) increased to £15 7m from £12 0m despite utilising £10 6m on financing activities Cashflow from operating activities was exceptionally strong and increased by 293% from £4 3m to £16 9m, as was cashflow conversion of 209% These reflected the unwind of upfront investment on maturing contracts and a key in year focus on cash
- Whilst we see challenges in the economic environment as Government austerity measures and reforms kick in, we also see opportunities in new and existing markets from helping our clients to respond to these and other challenges Our range of services and portfolio of customers across different market sectors provide a degree of resilience and balance to our business

With our investment in people, innovation and passion for delivering quality and real value, supported by strong cashflow and tight cost control, we believe the group is well positioned to continue to play a key role in helping partners through the current tough economic and reform environment

BUSINESS HIGHLIGHTS

The year ended 31 March 2011 was a year of significant contract awards, cost control and cash generation The Group has won 80% of new bids and seen the forward order book grow from £336m to £545m, providing high revenue visibility for the year ahead and significant opportunity for growth This was achieved in parallel with cashflow from operating activities increasing by 280% and tight cost control contributing to an adjusted operating profit margin increase from 8 7% to 9 5%

Strategy

Our core strategy remains unchanged It is to grow the business through the development of long-term partnerships We continue to work with our partners to deliver quality and real value that helps them to achieve efficiencies, innovate and improve service offerings

The three key elements of our strategy remain unchanged

1 Focus on growing in key sectors

We continue to focus on our key sectors of Local Government, Healthcare (both public and private sector), Education and the Private sector

CHAIRMAN'S STATEMENT *(continued)*
YEAR ENDED 31 MARCH 2011

In the Local Government area we have been awarded long term contracts for multi-service strategic partnerships with North Somerset and the Barking and Dagenham as well as reaching preferred bidder on the shared services platform and operation for Sutton, Merton and Kingston HR and payroll, which has now been signed One of our existing contracts ends in the coming year after a successful 7 year relationship Whilst disappointing news for the group, this does not change our growth or investment plans We have also seen growth in our professional services business and continue to develop our capabilities to meet evolving demands and opportunities We have a strong pipeline for growth in this area and believe we are well positioned to help deliver the challenges new and existing clients face from austerity measures and reforms

In Healthcare we have strengthened our bid team and believe our experience in the healthcare area puts us in a strong position in a competitive but attractive market We continue to explore opportunities with existing customers and PCTs to develop our capabilities and offerings

In Education, we were awarded the contract for the St Helens Building Schools for the Future ("BSF") programme With the Government closing the BSF programme we have focused on developing strong relationships with our existing clients and bid partners, enabling the successful go live of Sandwell schools in the year We continue to look at other ways we can expand our presence in the sector

Our Private sector performance was robust and we continue to build on key client relationships within the media, travel and financial services sectors With further investment in the coming year, particularly in cloud computer offerings, we believe this sector offers an attractive potential

2 Build on existing relationships

The second element of our strategy is to build on existing relationships with our customers and build on our long-term partnerships with them Strengthening these relationships by providing innovative and transformational consulting through to high quality managed services for IT, contact centres, procurement and other business process services, helps us to deepen them further In the current climate we have been very successful in helping our customers deal with the uncertainties created by the current "austerity" environment We have been able to help customers achieve efficiencies and cost reductions whilst improving service levels and have shown the flexibility to meet their rapidly changing challenges and objectives We believe that partnership with our customers is an important part of our strategy and that the Group delivers three key elements which demonstrate our commitment to partners

- Committing to people and place – a deep commitment to the staff, customers and citizens of our partners and investment in the economic capacity of our Local Government Partners
- Delivering reliable and efficient services – achieving efficiency and quality through focus on quality, the "metrics that matter" and driving for continuous improvement
- Providing energy and capacity for change – delivering innovation and exceptional outcomes through proven and agile service delivery

3 Maintain rigorous cost control

We recognise the benefits to our customers of delivering high quality, transformational professional, managed and business process services and we intend to remain a provider of high value low cost solutions in the future In the current economic climate we recognise customers require us to shape solutions that provide ever increasing returns and reduced costs whilst not compromising our high quality standards

We have made a significant investment in our procurement capabilities in the year to ensure we can respond to customer demands and reduce our own costs so as to offer the best possible returns By innovative use of shared service platforms and through an increased focus on contract negotiations, supply chain management and efficient procurement we have been able to deliver sustainable increased year on year cost savings in our organisation which will make us more competitive

Review of Trading Performance

Our business objective is to ensure we have a high performing long-term sustainable business model that focuses on targeted and controlled growth, tight cost control and strong performance across all business areas Applying this with a focus on meeting and often over-achieving on customer expectations has led to strong trading performance in the year and places us in a good position for the future

CHAIRMAN'S STATEMENT *(continued)*
YEAR ENDED 31 MARCH 2011

IT Services

	2011	2010
Turnover	**£74.3m**	£64 4m
Operating Profit	**£7.9m**	£6 0m

The IT services business performed strongly in the current year with operating profit increasing from £6 0m to £7 9m The main driver of the increase in profitability has been tight cost control and a focus on contract negotiations, supply chain management and efficient procurement, thus ensuring maturing major outsourcing contracts deliver anticipated savings expected by customers after early stage losses

The business development team had a strong pipeline of quality business opportunities and this has helped us to increase revenue in both existing and new customers and has created a high revenue visibility for the year ahead We believe our high new bid win rates demonstrate the strength of our reputation with new and existing customers and positions us well in a challenging market environment

Business Process Outsourcing

	2011	2010
Turnover	**£18 7m**	£11 3m
Operating Profit	**£0.2m**	£0 0m

Our Business Process Outsourcing ("BPO") business has seen significant growth and investment in the current year, which we believe has created a platform for strong financial performance in the year ahead in an area that holds exciting opportunities for the business The major activities are contact centre services, payroll and HR services, procurement and Revenue and Benefits We undertake these services for customers in the public, financial services, healthcare and support services sectors

FINANCIAL REVIEW

The Group has seen 22 8% turnover increase to £93m, largely driven by the impact of new contract awards, but also some growth in existing accounts Adjusted operating profit margin increased to 9 5% and profit before tax increased by 35 1% to £8 1m as the turnover growth coupled with our focus on costs created strong financial performance and cashflow This in turn has meant the Group has been able to assist partners with their challenges and deliver enhanced returns to them
Net interest reduced in the year despite good cash generation, largely due to low interest rates on deposits compared to interest rates on borrowings

The tax charge of £1 3m (2010 charge of £1 6m) represents an effective rate of 16 0% compared with 26 6% in 2010 The decrease in rate is due to adjustments in respect of previously unrecognised tax losses and other timing differences in the period

The company did not pay any dividends in the year, but provided a loan of £10 4m to the ultimate parent company, Agilisys Group

The increase in tangible fixed assets net book value reflects the Group's investment in its capabilities and capital expenditure to acquire fixed assets increased 197% to £1 5m in the year We believe these investments will assist the smooth growth and integration of new partnerships and service offerings to existing and new customers

Bank loans decreased to £350k in the year and the Group has repaid this in the early part of 2011/12 leaving it in a strong position from which to make future investments

Cashflow from operating activities was exceptionally strong and increased by 293% from £4 3m to £16 9m, with net cash increasing by 30 8% from £12m to £15 7m Cashflow conversion of 209% has provided a strong funding position for investments and bid activity

CHAIRMAN'S STATEMENT *(continued)*
YEAR ENDED 31 MARCH 2011

This focus on cashflow maximisation also contributed to debtors excluding the loan to Agilisys Group reducing to £29 5m (2010 £32 7m) and short term creditors increasing to £29 2m (2010 £22 7m) At 31 March 2011 net cash was £15 7m (2010 £12 0m) with the business well positioned to fund future strategic activities

OUTLOOK

Agilisys expects to see significant turnover growth in the excess of 25% in the coming year on the back of high revenue visibility We believe the investments made in the year will ensure our high standards of quality and real value continue to be delivered

Market conditions in our key sectors remain challenging Our service delivery and experience helps our clients to innovate, develop, protect and improve services and increase efficiencies to provide robust results against this challenging background As an outsourcer we believe we are well placed to win new business and continue to grow and deliver enhanced value and customer satisfaction

Agilisys relies on the hard work and dedication of its talented employees and the Board would like to thank them all for their contributions and the key role they have played in this year's success story We look forward to another successful year working with our partners during a period of exciting and significant growth

Charles Mindenhall
Chairman
29 September 2011

COMPANY REGISTRATION NUMBER 03789926

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2011

The directors present their report and the audited consolidated financial statements of the Group for the year ended 31 March 2011

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of IT Services and Business Process Outsourcing to private and public sector bodies The majority of the Group's current activities are conducted with public sector organisations The company was an intermediary holding company

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The consolidated profit and loss account is shown on page 11 The consolidated balance sheet is shown on page 12 A review of the business and future developments is included in the Chairman's Statement on pages 2-5

DIVIDEND

The directors do not propose a dividend for the year (2010 £675k)

DIRECTORS

The directors who served the company during the year and up to the date of signing the accounts were
C S Mindenhall Chairman
K T Andrews
R M W Swinyard Appointed 25th August 2010
S R Stradling
M K Badale

PRINCIPAL BUSINESS RISKS

The Group operates a number of Business Process Outsource and IT managed services contracts where service level agreements are committed to and where there is a financial risk if these service levels are not met The Group has a robust review and escalation process to ensure that it continually operates within these agreed levels and should there be a breach remedial action is taken before any business risk occurs to either the Group or its customer In the current economic and reform environment many public sector customers are facing challenges that both create an opportunity for growth and risk over future spending levels

KEY PERFORMANCE INDICATORS ("KPIs")

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 budgets The operational KPIs tracked are key service levels for system and application availability times and service desk response times For our contact centre business we track service levels against productive agent hours

FINANCIAL RISK MANAGEMENT

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

- market risk and principally interest rate risk with certain of the Group's cash balances and debt currently held at floating rates linked to LIBOR, and
- liquidity risk – this is the risk that suitable funding for the Group's activities may not be available

The Board approves 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 and cash management are coordinated centrally Minimal cash balances are maintained in overseas operations and their cash requirement is monitored weekly

The Group has exposure to the translation of trading results from overseas operations from their local currency back to Sterling As this is purely an accounting issue the Group does not hedge it Exposure to foreign currency net assets is not hedged as there is no intention to realise such assets The Group faces a small exposure to foreign currency risk as it has limited overseas operations Consequently it currently does not hedge this exposure either

EMPLOYEES

The directors would like to take this opportunity to thank the employees for their hard work, commitment and innovation over the last twelve months

Consultation with employees has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole Communication with all employees continues through the Group intranet, newsletters, monthly company meetings and webcasts Employees are encouraged directly through a detailed performance review and objective setting process, and through training and development opportunities

It is the Group's policy that there should be no unfair discrimination in recruiting and promoting staff, including applicants who are disabled In the event that any members of staff become disabled, every practical effort is made to provide continued employment and appropriate training is arranged The directors are committed to maintaining and developing communication and consultation processes with employees, who in turn are encouraged to become aware of and involve themselves in the performance of the Group as a whole

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 the directors have prepared 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 of the profit or loss of the company for that period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements ,
- 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

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 418 of the Companies Act 2006, directors' reports includes a statement, in the case of each director in office at the date the directors' report is approved, that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

COMPANY REGISTRATION NUMBER 03789926

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2011

ANNUAL GENERAL MEETING

Under the provisions of the Companies Act 2006, the company has elected not to hold an annual general meeting

R Swinyard
CFO and Company Secretary
21 September 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILISYS HOLDINGS LIMITED FOR THE YEAR ENDED 31 MARCH 2011

We have audited the Group and Parent company financial statements of Agilisys Holdings Limited for the year ended 31 March 2011 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Group Total Recognised Gains and Losses and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 7 The directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of the group's profit and cash flows 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 Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's Statement and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AGILISYS HOLDINGS LIMITED *(continued)* FOR THE YEAR ENDED 31 MARCH 2011

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Alison Lees (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2011

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	Year ended 31 March 2011 £'000	Year ended 31 March 2010 £'000
Turnover	2	**93,010**	75,702
Cost of sales		**(75,928)**	(61,301)
Gross profit		**17,082**	14,401
Administrative expenses		**(9,005)**	(8,424)
Operating profit	3	**8,077**	5,977
Net interest payable	6	**(113)**	(53)
Profit on ordinary activities before taxation		**7,964**	5,924
Tax (charge) on profit on ordinary activities	7	**(1,273)**	(1,577)
Profit for the financial year	22	**6,691**	4,347

All of the above operations are classed as continuing

There is no difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £'000	2010 £'000
Profit for the financial year	22	6,691	4,347
Dividend paid		-	(675)
Net foreign exchange movement		32	(293)
Total recognised gains for the year	23	**6,723**	3,379

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Intangible assets	9	**293**	843
Tangible assets	10	**1,745**	983
		2,038	1,826
Current assets			
Stocks	12	**150**	220
Debtors (including £3,249,000 over one year (2010 £8,219,000))	13	**39,947**	32,647
Cash at bank and in hand		**18,866**	15,328
		58,963	48,196
Creditors Amounts falling due within one year	16	**(29,013)**	(22,717)
Net current assets		**29,950**	25,478
Total assets less current liabilities		**31,988**	27,304
Creditors Amounts falling due after more than one year	17	**-**	(1,644)
Provision for liabilities and charges	19	**(352)**	(747)
Net assets		**31,636**	24,913
Capital and reserves			
Called-up share capital	20	**240**	240
Share premium account	21	**35,129**	35,129
Capital redemption reserve	21	**49**	49
Profit and loss account – deficit	22	**(3,782)**	(10,505)
Total shareholders' funds	23	**31,636**	24,913

The notes on pages 15 to 31 form part of these financial statements

These financial statements were approved by the directors on 29 September 2011 and are signed on their behalf by

C S Mindenhall
Director

COMPANY BALANCE SHEET
AS AT 31 MARCH 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	11	**27,785**	1,010
Current assets			
Debtors (including £5,550,276 due after more than one year (2010 £34,607,000)	13	**6,708**	36,013
Current Liabilities			
Creditors Amounts falling due within one year	16	**(1,465)**	(3,684)
Net current assets		**5,243**	32,329
Total assets less current liabilities		**33,028**	33,339
Creditors Amounts falling due after more than one year	17	**-**	(350)
Net assets		**33,028**	32,989
Capital and reserves			
Called-up share capital	20	**240**	240
Share premium account	21	**35,129**	35,129
Capital redemption reserve	21	**49**	49
Profit and loss account - (deficit)	22	**(2,391)**	(2,429)
Total shareholders' funds		**33,028**	32,989

The notes on pages 15 to 31 form part of these financial statements

These financial statements were approved by the directors on 29 September 2011 and are signed on their behalf by

C S Mindenhall
Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Net cash inflow from operating activities	24		16,944		4,290
Returns on investment and servicing of finance					
Net interest received		29		58	
Interest element of finance lease payments		-		-	
Interest element on bank loan		(142)		(111)	
Net cash (outflow) from returns on investment and servicing of finance			(113)		(53)
Taxation			(708)		(237)
Capital expenditure and financial investment					
Capital expenditure to acquire fixed assets		(1,493)		(502)	
Net cash outflow from capital expenditure and financial investment			(1,493)		(502)
Equity dividends paid					
Dividends paid		-		(675)	
Net cash outflow from equity dividends paid			-		(675)
Net cash inflow before financing			14,630		2,823
Financing					
Decrease in bank loan		(700)		(700)	
Increase in other loans		142		238	
Loan to parent company		(10,400)			
Net capital element of finance leases paid		-		(79)	
Net cash (outflow) from financing			(10,958)		(541)
Increase in cash in the year			3,672		2,282

Reconciliation of increase in cash to movement in net funds	Note	2011 £'000	2010 £'000
Increase in cash in the year	25	3,672	2,282
Reduction in other borrowings		208	(323)
Other non cash changes	25	(134)	(294)
Net repayment of finance leases		-	79
Increase in net funds		3,746	1,744
Net funds at 1 April		11,984	10,240
Net funds at 31 March	25	15,730	11,984

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

Basis of accounting
These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently unless otherwise stated throughout the year and the prior period, are set out below

Basis of consolidation
The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 March 2011 The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes Intra-group sales and profits are eliminated fully on consolidation

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date All changes to these assets and liabilities, and the resulting gains and losses that arise after the group has gained control of the subsidiary are credited or charged to the post acquisition profit and loss account

Where the Group is responsible for funding a loss making subsidiary which is not fully owned the debit balance in respect of the minority interest is not recognised in the accounts and the full loss is recognised by the Group

Goodwill
Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired It is eliminated by amortisation over its useful economic life (ranging from 3 to 7 years) The company evaluates the carrying value of goodwill in each financial year to determine if there has been an y impairment in value, which would result in the inability to recover the carrying amount When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account

Pre contract costs
A key part of the group's activities is the process of bidding for and securing long term contracts All bid costs incurred prior to achieving preferred bidder status are treated as an expense irrespective of the ultimate outcome of the bid Directly attributable costs incurred after achieving preferred bidder status are held on the balance sheet as a debtor

These costs are subsequently amortised on a straight line basis over the period of the contract in question The carrying value of such assets are reviewed for impairment at the end of the first full financial year following the award of the contract and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable

Tangible fixed assets and depreciation
Tangible fixed assets are initially stated at historic cost, being their purchase cost together with any incidental expenses of acquisition The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable Any permanent impairment of fixed assets will be charged to the profit and loss account in the period it arises

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned The principal annual rates used for this purpose are

Computer equipment and licenses	33 3 – 50%
Office equipment, furniture, fixtures and fittings	20 – 33 3%
Leasehold improvements	10 – 25%
Motor vehicles	50%

Stocks and work in progress, excluding long term contracts
Stocks are stated at the lower of historic cost and net realisable value Cost includes the cost to purchase the stock together with delivery charges No overheads have been included Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal Provision is made, where appropriate, for obsolete, slow-moving or defective items

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies
Monetary assets and liabilities in foreign currencies are translated into Sterling at rates of exchange ruling at the end of the period Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction The resulting foreign exchange differences are taken to the profit and loss account in the period in which they arise

Exchange differences arising on consolidation relating to the translation of the assets and liabilities of the group's overseas operations are taken to reserves and are shown in the statement of total recognised gains and losses

Provisions – Vacant Properties
Provisions are recognised for onerous leases where the group no longer requires or utilises the space The provisions reflect the expected contractual commitment to the earlier of the end of the lease or when the property is expected to generate economic benefit They are determined by discounting the expected future cashflows at a pre-tax rate that reflects current market assessments of the time value of money

Turnover and contracts in progress
Turnover 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 Turnover 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 margins which are accounted for as a contribution to cost of sales Turnover from maintenance, support and other periodically contracted services or products is recognised on a pro-rata basis over the contracted period Turnover 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 turnover 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 cost of work performed on each contract relative to the estimated total cost of completing 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 turnover 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 turnover is recognised evenly over the period that the services are provided

The gross amount due from customers for contract work is included within trade debtors and the gross amount due to suppliers is included within creditors

Finance and operating leases
When assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they had been purchased outright The assets are capitalised and included in tangible fixed assets at fair value The assets are depreciated over the shorter of the lease term or their useful lives The corresponding lease commitments are shown as obligations to the lessor Depreciation and interest are charged to the profit and loss account All other leases are operating leases and the total base costs are charged to the profit and loss account on a straight-line basis over the lease term

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES *(continued)*

Research and development
Research and development costs, which includes software development costs, are expensed within the profit and loss account in the period in which they are incurred

Loans and borrowings
Loans and borrowings are initially recognised at face value plus directly attributable transaction costs Loans and other borrowings are subsequently recognised at amortised cost using the effective interest rate method Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement

Pension scheme arrangements
Companies within the group make contributions to defined benefit pension schemes and to defined contribution pension schemes Contributions to defined contribution pension schemes during the period are charged to the profit and loss account as incurred

The group also participates in four defined benefit scheme on behalf of its employees The participation in these schemes arises from contracts with four customers involving the TUPE (Transfer of Undertakings (Protection of Employment) Regulations) transfer of staff to the group at the commencement of the customer relationship The group is only responsible for making contributions during the contracts At the end of the contracts the obligations in relation to these pension schemes will cease and will transfer to the following supplier As a result the group has accounted for these schemes as defined contribution pension schemes with the contributions being charged to the profit and loss account in the year to which they relate Further details of pension arrangements are given in note 26

Deferred taxation
Provision is made for deferred taxation, using the full provision method, on all material timing differences, on an undiscounted basis Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in the future or pay less taxation in the future

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted on the basis of all the evidence available

Share based payment
The fair value of the services received from employees of the company is recognised as an expense in the profit and loss account over the period for which the services are received (vesting period) Equity instruments issued to employees of subsidiary companies are treated as a capital contribution and recorded as an increase in the cost of investment in the subsidiary company

For equity settled share-based payment transactions the total amount recognised is based on the fair value of the equity instrument measured at the date the award is made Assumptions are made as to the total number of equity instruments that will vest and this assumption is reviewed at each balance sheet date The impact of any revision to vesting estimates is recognised in the profit and loss account over the vesting period Proceeds received, net of any directly attributable transaction costs, are credited to share capital and share premium

Where warrants have been issued to companies which are controlled by a director, these warrants have been accounted for as if they were options issued directly to the director

The company established an employee benefit trust on 22 November 2002, the Netdecisions Employee Benefit Trust The purpose of the trust is to hold investments in the share capital of Agilisys Group Limited and to grant options over those shares to employees of the group

In accordance with UITF 38, the sponsoring company, Agilisys Group Limited has de facto control over the trust and has included the assets and liabilities of the trust within its own balance sheet

1. ACCOUNTING POLICIES *(continued)*

Investments
Investments in subsidiary undertakings are recorded at historic cost plus incidental expenses less any provision for impairment Impairment reviews are performed by the directors when there has been an indication of potential impairment

2. SEGMENTAL REPORTING

The turnover is entirely within the United Kingdom

	2011			2010		
	Business Process Outsourcing	**IT Services**	**Total**	Business Process Outsourcing	IT Services	Total
	£000	**£000**	**£000**	£000	£000	£000
Turnover	**18,678**	**74,332**	**93,010**	11,258	64,444	75,702
Adjusted Operating profit*	**247**	**8,541**	**8,787**	-	6,641	6,641
Goodwill amortisation	**-**	**(551)**	**(551)**	-	(564)	(564)
Share based payments	**(32)**	**(127)**	**(159)**	(15)	(85)	(100)
Restructuring Cost	**-**	**-**	**-**	-	-	-
Operating profit	**215**	**7,863**	**8,078**	(15)	5,992	5,977
Interest			**(113)**			(53)
Profit before tax			**7,965**			5,924

* Adjusted operating profit is operating profit after adding back share based payments and goodwill amortisation

3. OPERATING PROFIT

	2011	2010
	£'000	£'000
The operating profit is stated after charging/(crediting) the following		
Depreciation of tangible fixed assets		
- owned assets	**705**	718
Loss on disposal of tangible fixed assets	**26**	113
Amortisation of intangible assets		
- goodwill	**551**	564
- amortisation of bid cost	**-**	1
Operating leases		
- hire of plant and machinery	**450**	449
- other operating leases	**1,517**	1,760
Audit services		
- statutory audit	**120**	110

Included in the group audit fees paid to the group's auditor, £40,000 (2010 £40,000) was paid in respect of the company

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

4. EMPLOYEE INFORMATION

	2011 £'000	2010 £'000
Wages and salaries	36,190	31,975
Social security costs	2,945	2,562
Pension costs (note 26)	2,775	2,178
Share based payments	159	100
Staff costs	42,069	36,815

The average monthly number of persons (including executive directors) employed by the group during the year was

By activity	2011 Number	2010 Number
Sales, marketing, research and development and fulfilment	961	845
Administration and support	73	65
	1,034	910

5. DIRECTORS' EMOLUMENTS

	2011 £'000	2010 £'000
Aggregate emoluments	662	598

During the year no director (2010 £Nil) exercised options over ordinary shares of Agilisys Holdings Limited No director has exercised options over ordinary shares of Agilisys Group Limited

Highest paid director	2011 £'000	2010 £'000
Aggregate emoluments	237	303

See note 30 for details of further transactions with directors

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

6. NET INTEREST PAYABLE

	2011 £'000	2010 £'000
Bank deposit interest receivable	28	58
Bank loan and overdraft interest payable	(141)	(111)
Net interest Payable	(113)	(53)

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2011 £'000	2010 £'000
Current tax		
United Kingdom		
Corporation tax at 28% (2010 28%)	978	1,212
Adjustments in respect of prior periods	(637)	676
Total current tax (note 7(b))	341	1,888
Deferred tax		
Origination and reversal of timing differences	214	101
Utilisation of prior year losses	898	-
Adjustment in respect of previously unrecognised tax losses from prior period – United Kingdom	(238)	(412)
Effect of rate change 28% to 26%	58	-
Total deferred tax (note 14)	932	(311)
Tax on profit on ordinary activities	1,273	1,577

(b) Factors affecting current tax charge

The tax assessed for the year is lower (2010 higher) than the standard rate of corporation tax in the UK 28% (2010 28%) The differences are explained below

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	7,964	5,924
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2010 28%)	2,235	1,659
Effects of		
Expenses not deductible for tax purposes	222	147
Other timing differences	(211)	170
Utilisation of tax losses and timing differences not recognised	(1,254)	(67)
Adjustment to tax charge in previous years	(637)	-
Adjustment to foreign tax rates	(14)	(21)
Total current tax (note 7(a))	341	1,888

A number of changes to the UK Corporation tax system were announced in the March 2011 UK Budget Statement Legislation to reduce the main rate of corporation tax from 28% to 26% from 1 April 2011, and 26% to 25% from 1 April 2012 was included in the Finance Act 2011 Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 23% by 1 April 2014 These further changes had not been substantively enacted at the balance sheet date and are therefore not included in the financial statements They are not expected to have a material impact on the deferred tax asset/liability included within the financial statements

8. PROFIT FOR THE FINANCIAL YEAR

As permitted by Section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements The parent company's profit for the financial year was £37,771

9. INTANGIBLE ASSETS

Group	Goodwill £'000
Cost	
At 1 April 2010 and at 31 March 2011	6,474
Accumulated amortisation	
At 1 April 2010	5,630
Charge for the year	551
At 31 March 2011	**6,181**
Net book value	
At 31 March 2011	**293**
At 31 March 2010	843

10. TANGIBLE ASSETS

Group	Computer Equipment, Office Equipment, Fixtures, Fittings, Leasehold and License £'000
Cost	
At 1 April 2010	3,870
Additions	1,493
Disposals	(100)
At 31 March 2011	5,263
Accumulated depreciation	
At 1 April 2010	2,887
Charge for the year	705
Disposals	(74)
At 31 March 2011	3,518
Net book value	
At 31 March 2011	1,745
At 31 March 2010	983

The Group and Company had no tangible fixed assets held under finance leases during the year (2010 £Nil)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

11. FIXED ASSET INVESTMENTS

Company	Shares in subsidiary undertakings £'000
At 1 April 2010	1,010
Additions	
At 31 March 2011- capitalisation of loan balance	26,775
Cost and net book value	
At 31 March 2011	27,785

Where available the Company has taken the group reconstruction relief in Section 131 of the Companies Act 2006 and has accordingly recognised the investments in subsidiary undertakings at the nominal value of the shares issued

During the financial year the Company capitalised part of a long term loan to its subsidiary company, Agilisys Services Holdings

12. STOCKS

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Goods for resale	**150**	220	**0**	0

13. DEBTORS

	Group		Company	
Amounts falling due within one year	**2011 £'000**	2010 £'000	**2011 £'000**	2010 £'000
Trade debtors	**6,319**	3,686	-	-
Amounts owed by related parties	**466**	64	-	-
Amounts owed by parent company	**10,400**	-	-	-
Other debtors	**1,015**	1,334	**871**	1,406
Deferred tax (see note 14)	**761**	1,695	-	-
Value added tax	-	-	-	-
Prepayments and accrued income	**17,552**	17,493	-	-
Pre contract costs	**185**	221		
	36,698	24,493	871	1,406

	Group		Company	
	2011	2010	**2011**	2010
Amounts falling due over one year	**£'000**	£'000	**£'000**	£'000
Amounts owed by subsidiaries	-	-	**5,550**	34,320
Amounts owed by related parties	**1,362**	2,032	**287**	287
Prepayments and accrued income	**1,887**	6,122	-	-
	3,249	8,219	**5,837**	34,607
Total debtors	**39,947**	32,647	**6,708**	36,013

13. DEBTORS *(continued)*

Durıng the year the group made a loan of £10,400,000 to the ultımate parent company, Agılısys Group Lımıted

Detaıls of amounts owed by related partıes are set out ın note 30

The reductıon ın prepayments and accrued ıncome due over one year ıs attrıbuted to bıllıng of the Cumbrıa and HFBP contracts

Pre contract costs

Group	
Cost	
At 1 Aprıl 2010	222
Addıtıons	-
At 31 March 2011	**222**
Accumulated amortisation	
At 1 Aprıl 2010	1
Charge for the year	36
At 31 March 2011	**37**
Net book value	
At 31 March 2011	**185**
At 31 March 2010	221

14. DEFERRED TAXATION ASSET

Group	**£'000**
At 1 Aprıl 2010	1,695
Charge to the profit and loss account	(934)
At 31 March 2011	**761**

Deferred taxatıon provıded ın the fınancıal statements, and the amounts unrecognısed of the potentıal asset are as follows

	Recognised		**Unrecognised**	
	2011	2010	**2011**	2010
Group	**£'000**	£'000	**£'000**	£'000
Tax effect of timing differences:				
On excess tradıng losses	**(90)**	(618)	**(2,257)**	(2,596)
On the excess of deprecıatıon over capıtal allowances	**(671)**	(1,077)	**1**	(328)
Deferred tax asset	**(761)**	(1,695)	**(2,256)**	(2,924)

The deferred tax asset that has been recognısed ıs ıncluded wıthın debtors – see note 13

The Company has recognısed a deferred tax asset of £Nıl (2010 £8,000) and an unrecognısed deferred tax asset of £523,000 (2010 £563,000)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

15. RESTRICTED CASH AND SHORT TERM INVESTMENTS

At 31 March 2011 £0m (2010 £12 7m) was held on short term treasury deposits

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Bank loan and overdraft (note 18)	**350**	700	**1,349**	2,200
Other loan	**2,786**	1,000	**-**	-
Trade creditors	**5,555**	2,841	**-**	-
Amounts owed to related parties	**-**	149	**-**	-
Corporation tax	**1**	368	**18**	-
Other taxation and social security	**4,393**	2,146	**1**	11
Other creditors	**815**	284	**-**	-
Accruals and deferred income	**15,113**	15,229	**97**	1,473
	29,013	22,717	**1,465**	3,684

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Bank loan (note 18)	**-**	350	**-**	350
Other loan (note 18)	**-**	1,294	**-**	-
	-	1,644	**-**	350

18. LOANS AND OTHER BORROWINGS

	2011	2010
Group	**£'000**	£'000
Bank loan	**350**	1,050
Other Loan	**2,786**	2,294
	3,136	3,344

The group has a committed bank overdraft facility of £4m available with Barclays Bank plc as at 31 March 2011 (2010 £4m) The overdraft operates through a pooling arrangement between all UK group companies with the exception of H&F Bridge Partnership Limited, Agilisys B2B Limited, Agilisys B2C Limited, Agilisys Technologies and Shared Services Limited and Elevate East London LLP The overdraft was undrawn on a net basis at 31 March 2011 (2010 undrawn) The overdraft is secured by a fixed and floating charge over all assets of the group (with the exclusion of the assets of H&F Bridge Partnership Limited, ATSS and Elevate East London LLP)

The bank loan is between the Company and Barclays Bank plc It is secured by a fixed and floating charge over all assets of the group with the exclusion of H&F Bridge Partnership Limited The bank loan incurs interest at 1 75% above LIBOR for 0% of the loan (2010 30%) and at 5 43% for 100% of the loan (2010 70%)

Other loan is between H&F Bridge Partnership Limited and London Borough of Hammersmith & Fulham and relates to funds provided by the council towards strategic IT investment to be made by Agilisys The loan is guaranteed by Group and incurs interest at 2 00% above base rate

18. LOANS AND OTHER BORROWINGS *(continued)*

Group	**2011 £'000**	2010 £'000
In one year or less, or on demand	**3,136**	1,700
In more than one year but not more than two years	**-**	1,644
	3,136	3,344

19. PROVISIONS FOR LIABILITIES

Group	**Restructuring £'000**
At 1 Apnl 2010	747
Utlised dunng the year	(395)
At 31 March 2011	**352**

Restructuring Provision

The brought forward restructunng provision reflects amounts payable under property leases, which the group no longer requires The group has made provisions for the cost of any void penods for these onerous leases The entire provision is expected to be utilised in the following year

20. CALLED-UP SHARE CAPITAL

Group and Company	**2011 £'000**	2010 £'000
Authorised		
182,871,619 (2010 182,871,619) ordmary shares of £0 0025 each	**457**	457
17,128,381(2010 17,128,381) deferred shares of £0 0025 each	**43**	43
Allotted and fully paid		
96,019,423(2010 96,019,423) ordmary shares of £0 0025 each	**240**	240
	240	240

Share option scheme

The Company currently operates three share option schemes under which grants of options may be made, The Netdecisions Unapproved Share Option Scheme, Netdecisions Approved Company Share Option Plan and the Agilisys Enterpnse Management Incentive Scheme

The board of directors approve all grants under the share option schemes As at 31 March 2011, there were 18,044,832 (2010 8,430,616) options over ordinary shares of £0 0025 each outstanding These options were exercisable between November 2000 and March 2018 at exercise pnces ranging from 20p to 250p per share

Dunng the year, the directors also approved the grant of options to purchase shares in Agilisys Group Limited outside the share option schemes As at 31 March 2010, there were 5,505,734 (2010 5,505,734) options over ordinary shares of £0 0025 each outstanding These options were exercisable between Apnl 2003 and May 2015 at exercise pnces ranging from 5p to 100p per share

Details of the share options outstanding dunng the year are as follows

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

20. CALLED-UP SHARE CAPITAL *(continued)*

	2011		2010	
	Number of shares	**Weighted average exercise price (in pence)**	Number of shares	Weighted average exercise price (in pence)
Outstanding as at 1 April	**13,936,399**	**31**	15,380,909	31
Granted in the period	**9,900,000**	**75**	1,300,000	60
Exercised in the period	**(122,500)**	**21**	(336,883)	12
Lapsed in the period	**(163,333)**	**46**	(2,407,677)	40
Outstanding as at 31 March	**23,550,566**	**51**	13,936,349	33 pence

Options were valued using the Black-Scholes option-pricing model The inputs into the Black-Scholes model are as follows

	2011	2010
Weighted average share price	**72 pence**	71 pence
Weighted average exercise price	**75 pence**	41 pence
Expected volatility	**31%**	31%
Expected life	**4 years**	4 years
Risk free rate	**3.68%**	4%

Expected volatility was determined by calculating the historical volatility of comparative companies in similar industries over the previous three years The expected life used in the model is the maximum exercise life

NOTES TO THE FINANCIAL STATEMENTS *(continued)* YEAR ENDED 31 MARCH 2011

21. RESERVES

Group and Company	Share premium account	Capital redemption reserve
	£'000	£'000
At 1 April 2010 and 31 March 2011	**35,129**	**49**

Dunng the year Nıl (2010 Nıl) shares were ıssued as optıon holders exercısed vested optıons

22. RECONCILIATION OF MOVEMENTS IN PROFIT AND LOSS ACCOUNT

Group	£'000
Net foreıgn exchange movement	32
Profit for the financıal year	6,691
At 1 Apnl 2010	(10,505)
At 31 March 2011	**(3,782)**

Company	£'000
Profit for the financıal year	38
At 1 Apnl 2010	(2,429)
At 31 March 2011	**(2,391)**

The share based payment ıs recorded ın Agılısys Group Lımıted whıch became the ultımate parent company from 31 July 2008

23. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2011	2010
	£'000	£'000
Profit for the financıal year	**6,691**	4,347
Dıvıdend payment	-	(675)
Net foreıgn exchange movement	32	(293)
Net addıtıon to group shareholders' funds	**6,723**	3,379
Openıng shareholders' funds	**24,913**	21,534
Closing shareholders' funds	**31,636**	24,913

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

24. NET CASH INFLOW FROM OPERATINGACTIVITIES

Reconciliation of operating profit to net cash inflow from operating activities

	2011 £'000	2010 £'000
Operating profit	**8,077**	5,977
Loss on disposal of tangible fixed assets	**26**	260
Depreciation	**705**	718
Goodwill amortised	**551**	564
Increase in provisions	**(396)**	(1,712)
(Increase)/decrease in stocks	**70**	(17)
Decrease/(increase) in debtors	**3,100**	1,692
(Decrease)/increase in creditors	**4,811**	(3,192)
Net cash inflow/(outflow) from operating activities	**16,944**	4,290

25. RECONCILIATION OF MOVEMENT IN NET FUNDS

	At 1 April 2010 £'000	Cash flow £'000	Other non-cash changes £'000	At 31 March 2011 £'000
Cash in hand and in bank	15,328	3,672	(134)	18,866
	15,328	3,672	(134)	18,866
Debt due within one year	(1,700)	(1,086)	-	(2,786)
Debt due after one year	(1,644)	1,294	-	(350)
Finance leases due within one year	-	-	-	-
Finance leases due after one year	-	-	-	-
Net funds	11,984	3,880	(134)	15,730

26. PENSION COMMITMENTS

Defined benefit schemes and defined contribution schemes

The Group accounts for all 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 The cost to the Company for the year was £2,775,432 (2010 £2,178,083) The amount outstanding at the year end is £116,586 (2010 £198,993) Included in the 2011 numbers were two new defined contribution schemes for employees from the London Borough of Barking & Dagenham and North Somerset

During the year it was identified that based on current contributions, the performance of the underlying fund and current assumptions over future estimated liabilities, there could be a funding shortfall on the Cumbria local government pension scheme relating to the transferred employees Any such shortfall existing when the Cumbria contract terminates in 2012 would need to be met by Agilisys on termination of the contract However, due to the multi-employer status of the Cumbria scheme, the Group is unable to reliably quantify the potential exposure at this stage and so no provision has been made

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

27. FINANCIAL COMMITMENTS

At 31 March 2011 the group had annual commitments under non-cancellable operating leases as follows

	2011		2010	
	Land and buildings	Other	Land and buildings	Other
Group	£'000	£'000	£'000	£'000
Expiring within one year	41	105	58	122
Expiring between two and five years	666	1,140	703	1,120
	707	1,245	761	1,242

28. CONTINGENT LIABILITIES

Group
The Group has provided through the normal course of business performance bonds and guarantees of £6,540,000 (2010 £5,070,000) The group does not expect any material financial loss to arise

Company
The Company has provided through the normal course of business performance bonds and guarantees of £6,540,000 (2010 £5,070,000) The Company does not expect any material financial loss to arise

The Company has also given guarantees in the ordinary course of business over certain liabilities of subsidiary companies amounting to £ Nil (2010 £ Nil)

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

29. PRINCIPAL SUBSIDIARIES

	Country of registration or incorporation	Description of shares held by Company	Description of shares held by Group	Proportion of voting rights held by the Group
Subsidiary undertakings				
Intermediate holding companies				
Agilisys Services Holdings Limited	United Kingdom	300,003 ordinary £1 shares	300,003 ordinary £1 shares	100%
Agilisys B2C Limited	United Kingdom	400,141 ordinary £1 shares	400,141 ordinary £1 shares	100%
Agilisys B2B Limited	United Kingdom	51 ordinary £1 shares	51 ordinary £1 shares	100%
Netdecisions Employee Benefit Trust	Jersey	-	-	100%
Services companies				
Agilisys Professional Services Limited	United Kingdom	-	200 ordinary £0 01 shares	100%
Netdecisions Private Limited	India	1,998,544 ordinary INR 10 shares	1,998,554 ordinary INR 10 shares	100%
Agilisys Limited	United Kingdom	-	23,300,000 Ordinary £0 01 shares	100%
Agilisys Managed Services Limited	United Kingdom	-	100 ordinary shares £1 shares	100%
Agilisys Technologies and Shared Services Limited	United Kingdom	-	33 Ordinary £1 shares	100%
Agilisys Contact Services Limited	United Kingdom	-	65,235 ordinary £0 01 shares	100%
Contact Partners Services Limited	Ireland	-	284,076 shares of stg £1	100%
Netdecisions Deutschland GmbH	Germany	-	25,000 ordinary EUR 1 shares	100%
H&F Bridge Partnership Limited	United Kingdom	-	801 A Ordinary Shares of £1 each	80 1%
Elevate East London LLP	United Kingdom	-	Capital fund £80	60%

The intermediate holding companies' principal activity is acting as sub-holding companies The Services companies' principal activities are the development, marketing and sales of software products and provision of related IT services Agilisys Contact Services Limited's principal activity is to provide contact centre outsourcing services

NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2011

30. RELATED PARTY TRANSACTIONS

During the year the Company recognised the following turnover and incurred the following costs from related parties and the balances outstanding at the year end with these parties are as follows

Related Party note	Details	Year ended 31 March 2011 Turnover/(Costs) £'000	Amounts due from /(to) as at 31 March 2011 £'000	Year ended 31 March 2010 Turnover/(Costs) £'000	Amounts due from /(to) as at 31 March 2010 £'000
BMS Finance Ltd 3	Consulting services	(52)	-	(47)	(20)
Evivo Ltd 3	IT services	214	-	255	32
Investors in Cricket Ltd 3	Consulting services	-	-	29	-
TDX Ltd 3	Consulting services	-	-	40	11
Blenheim Chalcot 1	IT and Consulting Services	136	145	(194)	(129)
ND Investments LLP 2	Deferred consideration/Interest	12	1,675	70	2,055
CorporatePay Ltd 1	IT services	14	-	11	-
EM Management Pvt Ltd 3	IT services	63	-	-	-
Copperdime Ltd 1	IT and Consulting Services	57	8	-	-
Total Revenue/Amounts due from Related Party		496	1,828	405	2,098
Total (Costs)/(Amounts due to Related Party)		(52)	-	(241)	(149)

Notes
1 Company controlled by Manoj Badale and Charles Mindenhall who are both directors of and the controlling parties of Agilisys Holdings Limited
2 Company controlled by Charles Mindenhall who is both a director of and one of the controlling parties of Agilisys Holdings Limited by virtue of his wife's shareholding in Agilisys Group Limited
3 Related by virtue of having common directors

At 31 March 2011, Tranquil Insurance Limited owned warrants totalling 1,412,783 (2010 1,412,783) over shares in Agilisys Group Limited The warrants have exercise prices between 5p and 20p and can be exercised over periods of up to 20 years

At 31 March 2011 25,000,000 shares in Agilisys Group Limited are owned by Charles Mindenhall's wife
At 31 March 2011 7,699,435 shares in Agilisys Group Limited are owned by Manoj Badale's wife

31. IMMEDIATE AND ULTIMATE PARENT COMPANY

Agilisys Group Limited, a Guernsey registered company is considered to be the immediate and ultimate parent undertaking as of this date