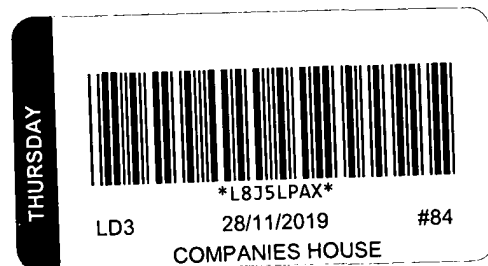

AGILISYS HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



AGILISYS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Charles Mindenhall Manoj Badale Andrew Mindenhall Andrew Court (resigned 28 June 2019) Ewan Stradling Thomas Drury (appointed 23 May 2018)
Registered number	3789926
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 HOLDINGS LIMITED

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AGILISYS HOLDINGS LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Chairman presents his statement for the period.

We are pleased with the performance of the business this year, a year in which we successfully implemented our strategy of transition from a managed services company to one at the forefront of making digital perform for the public sector. This is an evolution from a focus on IT led managed services focused only on local government, to an IT services and cloud based digital services provider, active across government and health. During the year we also achieved revenue growth through important new customer contract wins and existing customer contract extensions.

We have seen strong demand for our digital propositions, particularly Cloud Migration, Workforce Productivity and increasingly in Customer Experience Management (CXM) and Remote Process Automation (RPA), which underpinned by our Managed Services proposition allows us to build enduring, and often new, multi-year, relationships on the back of our innovative and transformational propositions.

We are encouraged by the increase in revenue which includes 50 new customer wins including major contracts for a cloud migration and managed service contract in the health sector with the NHS BSA and an IT services contract with Sefton Council. In April 2019 it was also announced that we are preferred bidder for the States of Guernsey's Future Digital Services programme, a ten year partnership commencing in 2019. In addition, we secured contract extensions with three of our valued long-term customers, London Borough of Tower Hamlets, Kent County Council and Bolton & Wigan Borough Councils.

Agilisys is a people business with a strong culture built around our core values and the Board recognises the enormous contribution made by our talented employees. We enjoy a rich and diverse workforce, which reaches into every corner of the UK. In turn it offers a wealth of skills and experience that we can draw on to deliver the best solutions for our customers. We would like to thank our employees for their hard work and dedication and the key role they have played this year.

Financial highlights and review

Our financial performance reflects the changes taking place in the market, underpinned by our leading service delivery capability and innovative technology developments, allowing us to maintain our relationships with our long-term customers and win new contracts.

The table below sets our key financial performance metrics for the year:

	2019	2018	% Change
Turnover - Managed Services	£114.1m	£109.4m	4.30%
– Consulting, transformation and digital platforms	£15.0m	£17.6m	-14.80%
Total Turnover	£129.1m	£127.0m	1.70%
Adjusted EBITDA*	£7.3m	£10.3m	-29.10%
Profit before tax	£1.3m	£2.7m	-51.90%
Profit before tax and exceptional items	£2.5m	£8.5m	-70.60%
Cash in bank	£9.3m	£16.3m	

* Adjusted EBITDA is defined as profit before interest, taxation, depreciation, amortisation and exceptional items (including restructuring costs and share-based payments).

Turnover for the financial year of £129.1m represents a 2% improvement on prior year. Adjusted EBITDA of £7.3m represents a 29% decrease on prior year, principally due to the completion of a contract with one of our long-term customer contracts and continued investment in our cloud and transformation strategy.

AGILISYS HOLDINGS LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

The Group incurred exceptional costs of £1.2m (2018: £5.8m) during the year relating principally to professional fees and planned restructuring costs as described in Note 12.

The Group's tax charge of £0.1m (2018: £0.6m) represents an effective tax rate of 9.8% (2018: 23.7%). The Group continues to benefit from R&D tax deductions arising from the investments made in our digital products. We have continued to make significant investments in our digital and technology platforms with capital expenditure for tangible and intangible assets totalling £2.8m (2018: £1.7m) for the year.

Cash flow from operating activities before taxation for the year totalled £8.4m (2018: £10.2m). Cash and cash equivalents decreased by £7m to £9.3m against the prior year.

We reduced our third party debt facility during the year by £10m to £20m with cash from operations and funding from shareholders.

Outlook

With over 20 years' experience Agilisys remains one of the UK's most innovative digital transformation and technology providers to the public sector, enabling organisations to realise the benefits of new technologies and new ways of working.

We believe we are well placed to continue to win new business and market share and expect our strategy to continue to deliver growth over the medium term. This will be delivered through the provision of our technology enabled services, our growing focus on cloud migration and the continued development of our propositions and service delivery models to our core local government and health customers and adjacent sectors. We are confident that this will continue to translate to growth in customers, revenue and EBITDA in the coming year.

Name T Drury
Chairman

Date 1 August 2019

AGILISYS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The Group's Strategic Report for the year ended 31 March 2019 is set out below.

Business review

The Group Income statement and Statement of comprehensive income is shown on page 10. The Group statement of financial position is shown on page 11. A review of the Group's business performance for the year and future developments of the business is included within the Chairman's Statement.

Principal risks and uncertainties

The Group operates a number of business process outsource and IT managed service 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 climate and reform environment as well as Brexit, many public sector customers are facing challenges that both create an opportunity for growth and risk over future spending levels.

Financial and other key performance indicators

The Directors track various financial key performance indicators (KPIs). The financial KPIs that are monitored on a monthly basis comprise of revenue, gross margin across the Group's managed services and digital transformation divisions, overhead expenditure, EBITDA, profit before taxation, net cash and operating cash flow conversion. Comparison is also made of month on month trends against budget. Our key financial KPIs for the year ended 31 March 2019 are set out in the Chairman's Statement.

The Directors track various operational key performance indicators (KPIs). The operational KPIs that are monitored on a monthly basis comprise key service levels for systems and application availability time and service desk response times. Within our Contact division we track services levels against productive agent hours.

AGILISYS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Financial risk management policy

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:

- Credit risk – primarily attributable to trade debtors and accrued income;
- Market risk and interest rate risk - primarily attributable to the Group's cash balances; and
- Liquidity risk – this is the risk that suitable funding for the Group's activities may not be available.
- Foreign currency risk – risk that the Company may be subject to adverse exchange rate movements.

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

Minimal cash balances are maintained in overseas operations and their cash requirement is monitored weekly. The Group's trade debtors and accrued income relate to long term contracts with long 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 Group 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 the India entity. 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.

This report was approved by the board on 1 August 2019 and signed on its behalf.



A P Mindenhall
Director

AGILISYS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 Group and Parent Company and of the profit or loss of the Group and Parent Company for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, 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 Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' confirmation

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 and the Group's auditors are unaware, and
- that they have taken all the steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £1,161,000 (2018 - £1,958,000).

No dividends were proposed or paid during the financial year (2018: £nil).

AGILISYS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Directors

The Directors of the Company who served during the year were:

Charles Mindenhall
Manoj Badale
Andrew Mindenhall
Andrew Court (resigned 28 June 2019)
Ewan Stradling
Thomas Drury (appointed 23 May 2018)

Future developments

The future developments of the Group are set out in the Outlook section of the Chairman's Statement.

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 Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the major shareholders. The Directors have received confirmation that the major shareholders intend to support the Company for at least 12 months after these financial statements are signed. Furthermore, the Board of Directors have reviewed the working capital requirements of the Group for a period of at least 12 months following the signing date of these financial statements and consider that the Group has adequate reserves to fulfil all of the Group's obligations as they fall due and therefore consider it appropriate to prepare the financial statements on a going concern basis.

Employee involvement

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.

The Group systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the group is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the Group is important.

AGILISYS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2019

Disabled employees

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.

The Group is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group. If members of staff become disabled the Group continues employment, either in the same or an alternative position, with appropriate retraining being given if necessary.

Post balance sheet events

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

Restatement of comparative amounts

In preparing the financial statements, an error was identified with regards to measuring the fair value of the investment in subsidiaries. This error dated back to the financial year ending 31 March 2013 when the Group changed its accounting policy to fair valuing the investments and the adjustment was made incorrectly. This was subsequently carried forward year on year. Note 27 summarises the impact on the Group's financial statements.

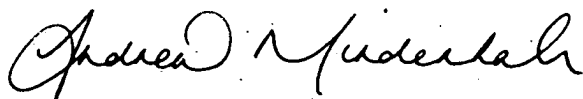
Directors' Indemnities

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.

Independent auditors

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

This report was approved by the board on 1 August 2019 and signed on its behalf.



A P Mindenhall
Director

Independent auditors' report to the members of Agilisys Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion, Agilisys Holdings Limited's Group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2019 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Group and Company statements of financial position as at 31 March 2019; the Group income statement and statement of comprehensive income, the Group statement of cash flows, and the Group and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

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

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the members of Agilisys Holdings Limited (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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.

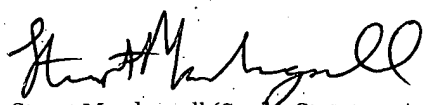
Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.



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

AGILISYS HOLDINGS LIMITED

**GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £000	2018 £000
Turnover	4	129,056	126,998
Cost of sales		(114,367)	(113,302)
Gross profit		14,689	13,696
Administrative expenses		(9,365)	(7,549)
Exceptional items	12	(1,169)	(5,836)
Operating profit	5	4,155	311
Interest receivable and similar income	9	16	5,079
Interest payable and similar expenses	10	(2,870)	(2,738)
Profit before taxation		1,301	2,652
Tax on profit	11	(128)	(629)
Profit for the financial year		1,173	2,023
Currency translation differences		13	(179)
Other comprehensive income / (expense) for the year		13	(179)
Total comprehensive income for the year		1,186	1,844
Profit for the year attributable to:			
Non-controlling interests		12	65
Owners of the parent Company		1,161	1,958
		1,173	2,023
Total comprehensive income for the year attributable to:			
Non-controlling interest		12	65
Owners of the parent Company		1,174	1,779
		1,186	1,844

The notes on pages 19 to 48 form part of these financial statements.

AGILISYS HOLDINGS LIMITED
REGISTERED NUMBER: 3789926

GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	14	2,760	1,204
Tangible assets	15	2,172	2,016
		<u>4,932</u>	<u>3,220</u>
Current assets			
Stocks	17	40	45
Debtors: amounts falling due within one year	18	125,743	128,359
Cash at bank and in hand	19	9,328	16,320
		<u>135,111</u>	<u>144,724</u>
Creditors: amounts falling due within one year	20	(50,957)	(51,570)
Net current assets		<u>84,154</u>	<u>93,154</u>
Total assets less current liabilities		<u>89,086</u>	<u>96,374</u>
Creditors: amounts falling due after more than one year	21	(20,709)	(29,182)
Net assets		<u><u>68,377</u></u>	<u><u>67,192</u></u>
Capital and reserves			
Called up share capital	25	240	240
Share premium account	26	35,129	35,129
Other reserves	26	49	49
Retained earnings	26	32,530	31,356
Total Equity attributable to owners of the parent Company		<u>67,948</u>	<u>66,774</u>
Non-controlling interests		429	418
Total Equity		<u><u>68,377</u></u>	<u><u>67,192</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 August 2019.



Andrew Mindenhall
Director

The notes on pages 19 to 48 form part of these financial statements.

AGILISYS HOLDINGS LIMITED
REGISTERED NUMBER: 3789926


COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £000	2018 £000
Fixed assets			
Investments	16	32,674	28,654
		<u>32,674</u>	<u>28,654</u>
Current assets			
Debtors: amounts falling due within one year	18	27,951	41,490
Cash at bank and in hand	19	16	-
		<u>27,967</u>	<u>41,490</u>
Creditors: amounts falling due within one year	20	(865)	(1,396)
Net current assets		<u>27,102</u>	<u>40,094</u>
Total assets less current liabilities		<u>59,776</u>	<u>68,748</u>
Creditors: amounts falling due after more than one year	21	(19,469)	(29,182)
Net assets		<u><u>40,307</u></u>	<u><u>39,566</u></u>
Capital and reserves			
Called up share capital	25	240	240
Share premium account	26	35,129	35,129
Revaluation reserve	26	4,894	874
Other reserves	26	49	49
Retained (losses) / earnings	26	(5)	3,274
Total equity		<u><u>40,307</u></u>	<u><u>39,566</u></u>

AGILISYS HOLDINGS LIMITED
REGISTERED NUMBER: 3789926

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2019

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 1 August 2019.


Andrew Mindenhall
Director

The notes on pages 19 to 48 form part of these financial statements.

The Company has taken advantage of the exemption conferred by Section 408 of Companies Act 2006 from presenting its own Income Statement. The result after tax for the year was a loss of £3,272,000 (2018: profit £2,317,000).

AGILISYS HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital	Share premium account	Other reserves	Retained earnings	Equity attributable to owners of parent	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2018	240	35,129	49	31,356	66,774	417	67,191
Comprehensive income for the year							
Profit for the financial year	-	-	-	1,161	1,161	12	1,173
Currency translation differences	-	-	-	13	13	-	13
Other comprehensive income for the year	-	-	-	13	13	-	13
Total comprehensive income for the year	-	-	-	1,174	1,174	12	1,186
Total transactions with owners	-	-	-	-	-	-	-
At 31 March 2019	240	35,129	49	32,530	67,948	429	68,377

The notes on pages 19 to 48 form part of these financial statements.

AGILISYS HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital	Share premium account	Other reserves	Retained earnings	Equity attributable to owners of parent	Non- controlling interests	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 April 2017	240	35,129	49	29,577	64,995	352	65,347
Comprehensive expense for the year							
Profit for the financial year	-	-	-	1,958	1,958	65	2,023
Currency translation differences	-	-	-	(179)	(179)	-	(179)
Other comprehensive expense for the year	-	-	-	(179)	(179)	-	(179)
Total comprehensive income for the year	-	-	-	1,779	1,779	65	1,844
Total transactions with owners	-	-	-	-	-	-	-
At 31 March 2018	240	35,129	49	31,356	66,774	417	67,191

The notes on pages 19 to 48 form part of these financial statements.

AGILISYS HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Share premium account	Revaluation reserve	Other reserves	Retained earnings / (Accumulated losses)	Total equity
	£000	£000	£000	£000	£000	£000
At 1 April 2018	240	35,129	874	49	3,274	39,566
Comprehensive income for the year						
Loss for the financial year	-	-	-	-	(3,272)	(3,272)
Currency translation differences	-	-	-	-	(7)	(7)
Surplus on revaluation of investments in subsidiary undertakings	-	-	4,020	-	-	4,020
Other comprehensive income for the year	-	-	4,020	-	(7)	4,013
Total comprehensive income for the year	-	-	4,020	-	(3,279)	741
At 31 March 2019	240	35,129	4,894	49	(5)	40,307

The notes on pages 19 to 48 form part of these financial statements.

AGILISYS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Other reserves £000	Retained earnings £000	Total equity £000
At 1 April 2017 (as previously stated)	240	35,129	28,966	49	962	65,346
Prior year adjustment (note 27)	-	-	(27,785)	-	-	(27,785)
At 1 April 2017 (as restated, see note 27)	240	35,129	1,181	49	962	37,561
Comprehensive expense for the year						
Profit for financial year	-	-	-	-	2,317	2,317
Currency translation differences	-	-	-	-	(5)	(5)
Deficit on revaluation of investments in subsidiary undertakings (as restated)	-	-	(307)	-	-	(307)
Other comprehensive expense for the year	-	-	(307)	-	(5)	(312)
Total comprehensive income for the year	-	-	(307)	-	2,312	2,005
At 31 March 2018	240	35,129	874	49	3,274	39,566

The notes on pages 19 to 48 form part of these financial statements.

AGILISYS HOLDINGS LIMITED

**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019**

	2019	2018
	£000	£000
Cash flows from operating activities		
Profit for the financial year	1,173	2,023
Adjustments for:		
Amortisation of intangible assets	761	1,395
Depreciation of tangible assets	1,172	1,392
Impairments of fixed assets	-	5,466
Interest and other finance costs paid	3,157	2,738
Interest received	(16)	(5,079)
Taxation charge	128	629
Decrease in stocks	5	13
(Increase)/decrease in debtors	(63)	7,541
Decrease/(increase) in amounts owed by groups	3,001	(886)
(Decrease) in creditors	(348)	(4,275)
Corporation tax (paid)	(612)	(725)
Net cash generated from operating activities	8,358	10,232
Cash flows from investing activities		
Purchase of intangible fixed assets	(2,317)	(1,624)
Purchase of tangible fixed assets	(79)	(74)
Purchase of fixed asset investments	-	(28)
Interest received	16	16
Net cash from investing activities	(2,380)	(1,710)
Cash flows from financing activities		
Repayment of loans	(10,000)	-
Interest paid	(2,958)	(3,155)
Net cash used in financing activities	(12,958)	(3,155)
Net (decrease)/increase in cash and cash equivalents	(6,980)	5,367
Cash and cash equivalents at beginning of year	16,320	11,132
Foreign exchange gains and losses	(12)	(179)
Cash and cash equivalents at the end of year	9,328	16,320
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	9,328	16,320

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. General information

Agilisys Holdings Limited (the Company) and its subsidiaries (together "the Group") provides business process outsourcing, IT services, digital transformation and a suite of complementary digital products throughout the UK.

The Company is a private company limited by shares and is incorporated in United Kingdom. The address of its registered office is Third Floor, One Hammersmith Broadway, London, W6 9DL.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The preparation of Group and individual financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Company's accounting policies (see note 3).

United Kingdom Accounting Standards, including Financial Reporting Standard 102 ("FRS 102") also requires that prior period errors should be separately disclosed in the Group and individual financial statements (see note 27).

The Company has taken advantage of the exemption in Section 408 of the Companies Act from disclosing its individual profit and loss account and the exemption to prepare a statement of cash flows. The following principal accounting policies have been applied consistently:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date.

Where the Group has established employee benefit trusts ("EBT") or employee share ownership plans ("ESOP") and is the sponsorship entity, notwithstanding the legal duties of the trustees, the Group considers that it has 'defacto' control of such entities. Such arrangements are accounted for as assets and liabilities of the sponsorship company and included in the consolidated financial statements as appropriate. The Company's equity instruments held by the EBT or ESOP are accounted for as if they were the Company's own equity and are treated as treasury shares. No gain or loss is recognised in profit or loss or other comprehensive income on the purchase, sale or cancellation of the Company's own equity held by either the EBT or ESOP.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.3 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 Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the major shareholders. The Directors have received confirmation that the major shareholders intend to support the Company for at least 12 months after these financial statements are signed. Furthermore, the Board of Directors have reviewed the working capital requirements of the Group for a period of at least 12 months following the signing date of these financial statements and consider that the Group has adequate reserves to fulfil all of the Group's obligations as they fall due and therefore consider it appropriate to prepare the financial statements on a going concern basis.

2.4 Foreign currency translation

Functional and presentation currency

The Group and Company's functional and presentational currency is Sterling.

Transactions and balance

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Income Statement within 'interest receivable and similar income or interest payable and expenses'. All other foreign exchange gains and losses are presented in the Income Statement within 'other operating income'.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

Revenue from 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, revenue recognised is adjusted accordingly. The related costs of providing the service are recognised in the period in which they are incurred. Amounts invoiced in advance of services being performed are recognised in deferred income.

The Group licences software under non-cancellable licence agreements. The licence agreements are either perpetual or cover a specific term. For perpetual licences, once the performance obligations associated with the licence have been satisfied, licence fee revenues are recognised. Where a licence agreement covers a specific term, licence fee revenues are recognised on a straight line basis over the term of the agreement.

Revenue contingent on conditions outside of the control of Agilisys are only recognised when these conditions are met.

Provisions are made for any anticipated contract losses as soon as those losses are identified.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.5 Revenue recognition (continued)

Where the Group enters into contracts with multiple elements, where those elements are separable, revenue is allocated to each element based on the relative fair values of those elements. Where the amounts are not separable or the fair values cannot be identified, revenue is recognised evenly over the period that the services are provided.

2.6 Operating leases: the Group as lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Rentals paid under operating leases are charged to the Group income statement and Statement of Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Interest receivable and similar income

Interest income is recognised in the Group Income Statement and Statement of Income using the effective interest method.

2.9 Interest payable and expenses

Finance costs are charged to the Group income statement and 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.

2.10 Borrowing costs

All borrowing costs are recognised in the Group Statement of Comprehensive Income in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Consolidated income statement and Statement of Comprehensive Income 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 Group in independently administered funds.

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Consolidated income statement and Statement of Comprehensive Income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Statement of Financial Position date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to Consolidated income statement and Statement of Comprehensive Income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the Consolidated income statement and Statement of Comprehensive Income is charged with fair value of goods and services received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.13 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated 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.

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 and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group 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 reporting date.

Current or deferred taxation assets and liabilities are not discounted.

2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence. These are disclosed separately to provide further understanding of the underlying financial performance of the Group.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.15 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Comprehensive Income over its useful economic life.

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 an intangible asset.

These costs are subsequently amortised on a straight line basis over the period of the contract. 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.

Software development costs

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

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.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

Licence costs

Licence costs are capitalised and amortised over the period over which benefit will be derived from those assets. Licence costs are amortised between a 2 to 3 year period.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.16 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 Group 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 Group. 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:

Leasehold improvements	- 10% - 25%
Office equipment	- 20% - 33.3%
Computer equipment	- 33.3% - 50%

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 Consolidated Statement of Comprehensive Income.

2.17 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.18 Investments

Fixed asset investments are carried at the Company's share of the underlying net assets with changes in valuation taken to the revaluation reserve. Investments in subsidiary undertakings are revalued to the underlying net asset value of those subsidiary undertakings at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income and the revaluation reserve. When there are insufficient reserves in the revaluation reserve, any losses are then taken to the income statement.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.19 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis of computer equipment.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.20 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.

2.21 Cash and cash equivalents

Cash 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.22 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities and long term 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.

2.23 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.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.24 Provisions for liabilities

Provisions are recognised where an event has taken place that gives the Group 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 Group 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.

2.25 Share capital

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

2. Accounting policies (continued)

2.26 Financial instruments

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

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. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, 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.

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 Income Statement.

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 Group would receive for the asset if it were to be sold at the reporting date.

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

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Basic financial liabilities, including trade and other payables, bank loans and 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.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

3. 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. The critical judgements and estimates that have been applied to these consolidated financial statements are set out below:

Key accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

(i) Useful economic life of tangible assets (note 15)

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of tangible assets and note 2.17 for the useful economic lives for each class of asset.

(ii) Impairment of intangible assets (note 14)

The Group considers whether intangibles assets are impaired at each reporting date. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

4. Turnover

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

	2019 £000	2018 £000
Managed Services	114,101	109,443
Consulting, transformation and platforms	14,955	17,555
	<u>129,056</u>	<u>126,998</u>
	2019 £000	2018 £000
United Kingdom	129,056	126,998
	<u>129,056</u>	<u>126,998</u>

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

5. Operating profit

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

	2019 £000	2018 £000
Depreciation of tangible assets	1,172	1,392
Amortisation of intangible assets, including goodwill	761	1,395
Impairment of intangible assets	-	5,466
Operating lease rentals	971	400
Defined contribution pension cost	4,547	4,165
	<u>4,547</u>	<u>4,165</u>

6. Auditors' remuneration

	2019 £000	2018 £000
Fees payable to the Group's auditors and its associates for the audit of the Group's financial statements	45	50
	<u>45</u>	<u>50</u>
Fees payable to the Group's auditors and its associates in respect of:		
The auditing of financial statements of associates of the Group pursuant to legislation	102	99
Non audit fees	3	3
Total fees	<u>150</u>	<u>152</u>

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Wages and salaries	44,956	42,833	-	-
Social security costs	4,544	4,321	-	-
Other pension costs	4,547	4,165	-	-
	54,047	51,319	-	-

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

	2019 No.	<i>2018 No.</i>
Sales, marketing, research and development and fulfilment	1,262	1,276
Administration and support	65	65
	1,327	1,341

The Company has no employees other than the Directors, who did not receive any remuneration (2018 - £NIL)

8. Directors' remuneration

The highest paid director received aggregate emoluments of £310,000 (2018 - £231,000). This amount includes pension contributions of £25,000 (2018 - £20,000).

9. Interest receivable and similar income

	2019 £000	<i>2018 £000</i>
Interest receivable from group companies	-	5,063
Bank interest receivable	16	16
	16	5,079

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

10. Interest payable and similar expenses

	2019 £000	2018 £000
Bank interest payable	2,958	3,442
Gain on derivative financial instrument	(88)	(704)
	<u>2,870</u>	<u>2,738</u>

11. Tax on profit

	2019 £000	2018 £000
Corporation tax		
Current tax on profits for the year	(8)	1,116
Adjustments in respect of prior periods	(26)	34
Total current tax	<u>(34)</u>	<u>1,150</u>
Deferred tax		
Origination and reversal of timing differences	169	(832)
Adjustments in respect of prior periods	(7)	311
Total deferred tax	<u>162</u>	<u>(521)</u>
Tax on profit	<u>128</u>	<u>629</u>

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - *higher than*) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £000	2018 £000
Profit on ordinary activities before tax	1,301	2,652
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	247	504
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	55	130
Utilisation of tax losses	(3)	-
Higher rate taxes on overseas earnings	-	(22)
Adjustments in respect of prior periods	(42)	311
Tax deduction arising from relief on software development costs	(127)	(135)
Tax deduction arising from share options exercised during the year	(2)	(159)
Total tax charge for the year	128	629

Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate 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 HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

12. Exceptional items

	2019	2018
	£000	£000
Restructuring costs incurred	660	336
Advisory, professional services and other costs	509	208
Impairment of assets	-	5,292
	1,169	5,836

During the year, exceptional costs relating to the restructure of certain business activities of £660,000 and exceptional costs relating to advisory and professional fees of £509,000 were incurred.

13. Parent company (loss) /profit for the year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £3,272,000 (2018 - profit £2,317,000).

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

14. Intangible assets

Group

	Licences £000	Software develop- ment £000	Prepaid contract costs £000	Goodwill £000	Total £000
Cost					
At 1 April 2018	2,149	9,302	222	213	11,886
Additions	-	1,486	831	-	2,317
At 31 March 2019	2,149	10,788	1,053	213	14,203
Amortisation					
At 1 April 2018	1,488	8,759	222	213	10,682
Charge for the year	160	601	-	-	761
At 31 March 2019	1,648	9,360	222	213	11,443
Net book value					
At 31 March 2019	501	1,428	831	-	2,760
At 31 March 2018	661	543	-	-	1,204

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Tangible assets

Group

	Office equipment £000	Computer equipment £000	Leasehold improve- ments £000	Total £000
Cost or valuation				
At 1 April 2018	1,581	11,885	1,990	15,456
Additions	-	1,325	-	1,325
At 31 March 2019	<u>1,581</u>	<u>13,210</u>	<u>1,990</u>	<u>16,781</u>
Depreciation				
At 1 April 2018	1,454	9,996	1,990	13,440
Charge for the year on owned assets	74	1,098	-	1,172
At 31 March 2019	<u>1,528</u>	<u>11,094</u>	<u>1,990</u>	<u>14,612</u>
Net book value				
At 31 March 2019	<u>53</u>	<u>2,116</u>	<u>-</u>	<u>2,169</u>
At 31 March 2018	<u>127</u>	<u>1,889</u>	<u>-</u>	<u>2,016</u>

Computer equipment contains additions amounting to £1,207,000 which were acquired through a finance lease.

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

16. Investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2018	28,654
Revaluations	4,020
At 31 March 2019	<u>32,674</u>
 Net book value	
At 31 March 2019	<u>32,674</u>
At 31 March 2018	<u>28,654</u>

In preparing the financial statements, an error was identified with regards to measuring the fair value of the investment in subsidiaries. This error dated back to the financial year ending 31 March 2013 when the Group changed its accounting policy to fair valuing the investments and the adjustment was made incorrectly. This was subsequently carried forward year on year. Note 27 summarises the impact on the Group's financial statements.

17. Stocks

	Group 2019 £000	<i>Group 2018 £000</i>
Laptops	40	45
	<u>40</u>	<u>45</u>

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

18. Debtors amounts falling due within one year

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Trade debtors	8,997	7,362	-	-
Amounts owed by group undertakings	98,646	101,646	27,952	41,490
Other debtors	-	631	-	-
Deferred taxation	591	753	-	-
Prepayments and accrued income	17,121	17,967	(1)	-
Corporation Tax	388	-	-	-
	125,743	128,359	27,951	41,490

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

19. Cash at bank and in hand

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Cash at bank and in hand	9,328	16,320	16	-
	9,328	16,320	16	-

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

20. Creditors: Amounts falling due within one year

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Trade creditors	6,206	3,019	-	-
Corporation tax	-	365	-	-
Other taxation and social security	5,211	5,473	-	-
Obligations under finance lease and hire purchase contracts	452	-	-	-
Other creditors	2,016	869	-	-
Interest rate swap	414	502	414	502
Accruals and deferred income	36,658	41,342	451	894
	50,957	<i>51,570</i>	865	<i>1,396</i>

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

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

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Bank loans and overdrafts	19,469	29,182	19,469	29,182
Net obligations under finance leases and hire purchase contracts	1,240	-	-	-
	20,709	<i>29,182</i>	19,469	<i>29,182</i>

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

22. Loans

The loans outstanding at 31 March 2019 are set out below:

	Group 2019 £000	<i>Group 2018 £000</i>	Company 2019 £000	<i>Company 2018 £000</i>
Amounts falling due 2-5 years				
Bank loans	19,469	29,182	19,469	29,182
	19,469	29,182	19,469	29,182

Unitrache loan

The Group's financing facilities includes a Unitrache loan of £20,000,000. The loan is for a 6 year term and is repayable in full on the termination date. Interest accrues on the loan on a monthly basis at LIBOR plus 7.5%. The loan is secured by a charge over the Group's trading subsidiaries.

Transaction costs associated with the loan have been deducted from the original loan amount recognised and are being amortised over the life of the instrument.

Revolver loan

The Group's financial facilities also includes a revolving credit facility of £10,000,000 to cover working capital and liquidity commitments. Interest is charged at LIBOR plus 3.5%.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

23. Financial instruments

	Group 2019 £000	Company 2019 £000	Group 2018 £000	Company 2018 £000
Financial liabilities measured at amortised cost				
Bank loan and overdrafts	(19,469)	(19,469)	(29,182)	(29,182)
Finance leases	(1,692)	-	-	-
Trade creditors	(6,206)	-	(3,019)	-
Accruals and deferred income	(36,658)	-	(41,342)	-
Other creditors	(2,016)	-	(869)	-
	<u>(66,041)</u>	<u>(19,469)</u>	<u>(74,412)</u>	<u>(29,182)</u>

	Group 2019 £000	Company 2019 £000	Group 2018 £000	Company 2018 £000
Financial liabilities measured at fair value through profit or loss				
Interest rate swap	(414)	(414)	(502)	(502)
	<u>(414)</u>	<u>(414)</u>	<u>(502)</u>	<u>(502)</u>

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

24. Deferred taxation

Group

	2019 £000
At beginning of year	753
Charged to profit or loss	(162)
At end of year	591

The deferred tax asset is made up as follows:

	Group 2019 £000	<i>Group 2018 £000</i>
Accelerated capital allowances	163	978
Tax losses carried forward	216	(4)
Other timing differences	212	(221)
	591	753

Company

The Company has not recognised a deferred tax asset in the current or prior year and has an unrecognised deferred tax asset of £591,000 (2018: £232,000). The unrecognised deferred tax asset is based on historical carried forward losses and will only be recoverable if sufficient future profits arise in the entity.

25. Called up share capital

	2019 £000	<i>2018 £000</i>
Allotted, called up and fully paid		
96,019,423 (2018 - 96,019,423) Ordinary 'A' shares shares of £0.0025- each	240	240

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

26. Reserves

Share premium account

The balance on the share premium account represents the amounts received in excess of the nominal value of ordinary shares issued by the Company.

Revaluation reserve

The reserve represents the cumulative gains on the revaluation of investments held in subsidiary undertakings.

Called up share capital

The balance of share capital represents the aggregate nominal value of all ordinary shares in issue.

Retained earnings

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

27. Restatement of comparative amounts

In preparing the financial statements, it was noticed that an error was made in financial years ending 2012/13 arising from a change in accounting policy with regards to measuring the fair value of investment in subsidiaries. The adjustment was made incorrectly and subsequently has been carried forward year on year. As a result of this, the following financial statement line items have been restated:

	As previously reported at 31 March 2018 £'000	Adjustments £'000	As restated at 31 March 2018 £'000
Fixed Assets			
Investments	56,439	-27,785	28,654
	56,439	-27,785	28,654
Equity			
Revaluation reserve	28,966	-27,785	1,181
	28,966	-27,785	1,181

The restatement of the 2019 financial statements impacted the following accounts within the relevant statement of financial position line items:

Investments - decrease in value of investments
Revaluation reserve - decrease in revaluation reserve

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

28. Share based payments

Share based payment charge

The charge to profit and loss for the year was £nil (2018: £nil).

Share option scheme

The parent of the Company currently operates two share option schemes under which grants of options may be made - the Agilisys Group Unapproved Share Option Scheme and the Agilisys Enterprise Management Incentive Scheme.

The Board of Directors of the parent company approve all grants under the share option schemes. As at 31 March 2019, there were 5,370,046 (2018: 5,695,046) options over ordinary share of £0.0025 each outstanding. These options were exercisable between October 2002 and September 2022 at exercise prices ranging from 20p to 120p per share.

During the prior year, the Board of Directors approved the grant of options to purchase shares in Agilisys Group Limited outside the share options schemes. As at 31 March 2019 there were nil (2018: nil) options over ordinary shares of £0.0025 each outstanding. These options were exercisable between June 2003 and October 2015 at exercise prices ranging from 5p to 50p per share.

Details of the share options outstanding during the year are as follows:

	Weighted average exercise price (pence) 2019	Number 2019	<i>Weighted average exercise price (pence) 2018</i>	<i>Number 2018</i>
Outstanding at the beginning of the year	80	5,695,046	80	6,570,046
Granted during the year		-		-
Cancelled during the year	120	(50,000)		-
Exercised during the year		-	64	(825,000)
Expired during the year	76	(275,000)	100	(50,000)
Outstanding at the end of the year	81	5,370,046	80	5,695,046

	2019	2018
Option pricing model used	N/a	N/a
Weighted average share price (pence)	N/a	N/a
Exercise price (pence)	N/a	N/a
Weighted average contractual life (years)	N/a	N/a
Expected volatility	N/a	N/a
Risk-free interest rate	N/a	N/a

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

29. Contingent liabilities

Group

The Group has provided through the normal course of business performance bonds and guarantees of £541,000 (2018 - £1,741,000). The Group does not expect any material financial loss to arise from the performance bonds and guarantees.

As expected of a Group of the size and complexity of Agilisys periodically claims from other parties are received. We do not believe it is probable that any existing claims against the Group are likely to succeed and consequently no amounts are provided.

Company

The Company has provided through the normal course of business performance bonds and guarantees of £541,000 (2018 - £1,000,000). The Company does not expect any material financial loss to arise from the performance bonds and guarantees.

30. Pension commitments

Defined contribution schemes

The Group classifies all of its pension scheme arrangements as defined contribution schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The cost to the Group of the defined contribution schemes for the year was £4,547,000 (2018: £4,165,000). The amount outstanding at year end was £452,000 (2018: £376,000).

31. Commitments under operating leases

At 31 March 2019 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2019 £000	<i>Group 2018 £000</i>
Not later than 1 year	822	713
Later than 1 year and not later than 5 years	957	1,002
	<u>1,779</u>	<u>1,715</u>

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

32. Related party transactions

During the year transactions occurred between the Group and related parties. The table below sets out a description of the relationship with each related party, the transactions which occurred during the year and amounts due to or from those related parties at the year end.

Related Party note	Note	Nature of Transactions	Year ended 31 March 2019	Amounts due from/(to)	Year ended 31 March 2018	Amounts due from/(to)
			Turnover/(Costs) £'000	as at 31 March 2019 £'000	Turnover/(Costs) £'000	as at 31 March 2018 £'000
Accelerate Business Networking Limited	3	IT and Consulting Services	0	0	(3)	0
Accelerate Digital Limited	-3	IT Services	(11)	(10)	(1)	0
Accelerate Places Limited (Formerly BC Hammersmith Property Management Limited)	3	Property Services	734	174	748	4
Accelerate Technology Limited	3	IT Services	(17)	(4)	4	0
Avado Learning Limited (formerly Floream Ltd)	3	Education provider	0	0	112	52
BC Arch Ltd	3	Apprentices provider	(1)	0	(3)	13
BC Foxtrot Limited	5	IT Equipment provider	(168)	10	(221)	0
BC Hammersmith Property Ltd	3	Property Services	(1281)	(320)	(1317)	0
BC Nottingham Property Ltd	3	Property Services	0	0	3	0
BCIM Management Services Ltd	6	Consulting Services	0	0	(6)	0
Blenheim Chalcot LTF Ltd (formerly Blenheim Chalcot Management Ltd)	3	IT and Consulting Services	315	2	(67)	139
Blenheim Chalcot Management Ltd	3	Consulting Services	(20)	0	(51)	(5)
BMS Finance AB Ltd	3	IT and Consulting Services	32	5	(718)	0
Contentive Digital Engagement	3	IT and Consulting Services	(75)	0	(45)	0
Foshpa Limited	1	IT Services	(45)	5	(240)	0
HCR Services Limited	1	Debt Collection Services	9	9	107	149
Liberis Ltd	3	IT Services	25	2	14	2
OakBrook Finance Ltd	2	IT Services	6	1	5	0
Salary Finance Limited	2	Financial Services	0	0	12	0
Total Revenue/Amounts due from Related Party			1,121	208	1,005	359
Total (Cost)/Amounts due to Related Party			(1,618)	(334)	(2,672)	(5)

33. Events after the reporting period

There were no events after the reporting period.

34. Controlling party

The immediate parent of the Company is Agilisys Group Limited and on 1 April 2015 the Agilisys Employee Ownership Trust acquired a controlling stake in Agilisys Group Limited and is considered to be the ultimate controlling party.

The financial statements of Agilisys Group can be found at:

Third Floor
One Hammersmith Broadway
London
W6 9DL

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

35. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Agilisys Services Holdings Limited	Ordinary	100 %	Intermediate holding company
Agilisys B2C Limited	Ordinary	100 %	Intermediate holding company
Agilisys B2B Limited	Ordinary	100 %	Intermediate holding company
Agilisys Limited	Ordinary	40 %	Provision of IT services
Agilisys Professional Services Limited	Ordinary	100 %	Provision of IT services
Agilisys Managed Services Limited	Ordinary	100 %	Provision of IT services
Agilisys Contact Services Limited	Ordinary	100 %	Provision of contact centre services
Agilisys Arch Limited	Ordinary	100 %	Provision of apprenticeships
Agilisys IT Services India PVT Limited	Ordinary	100 %	Provision of services to the Group
H&F Bridge Partnership Limited	Ordinary	80.1 %	Provision of IT services
Elevate East London LLP	Ordinary	80 %	Provision of IT services
Quickheart Limited	Ordinary	100 %	Provision of Digital solutions

All of the above subsidiaries are included in the consolidation and the registered office of these subsidiaries are located at:

Third Floor
One Hammersmith Broadway
London
W6 9DL