ANNUAL REPORT & FINANCIAL STATEMENTS 2016-17

Gemserv Limited

Gemserv

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COMPANIES HOUSE

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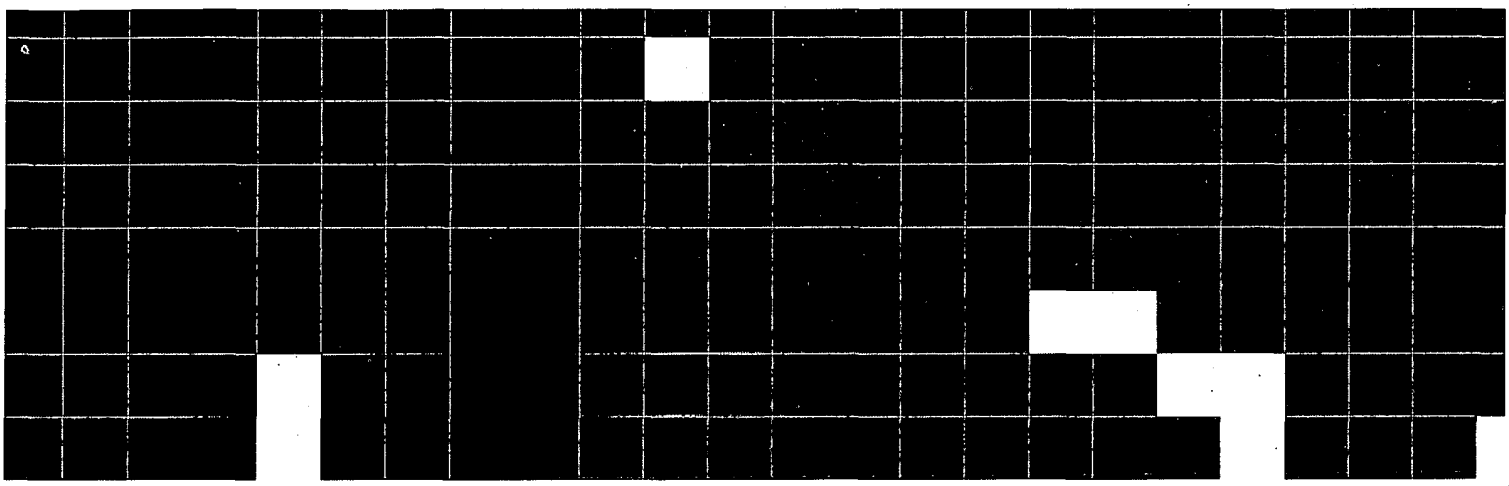
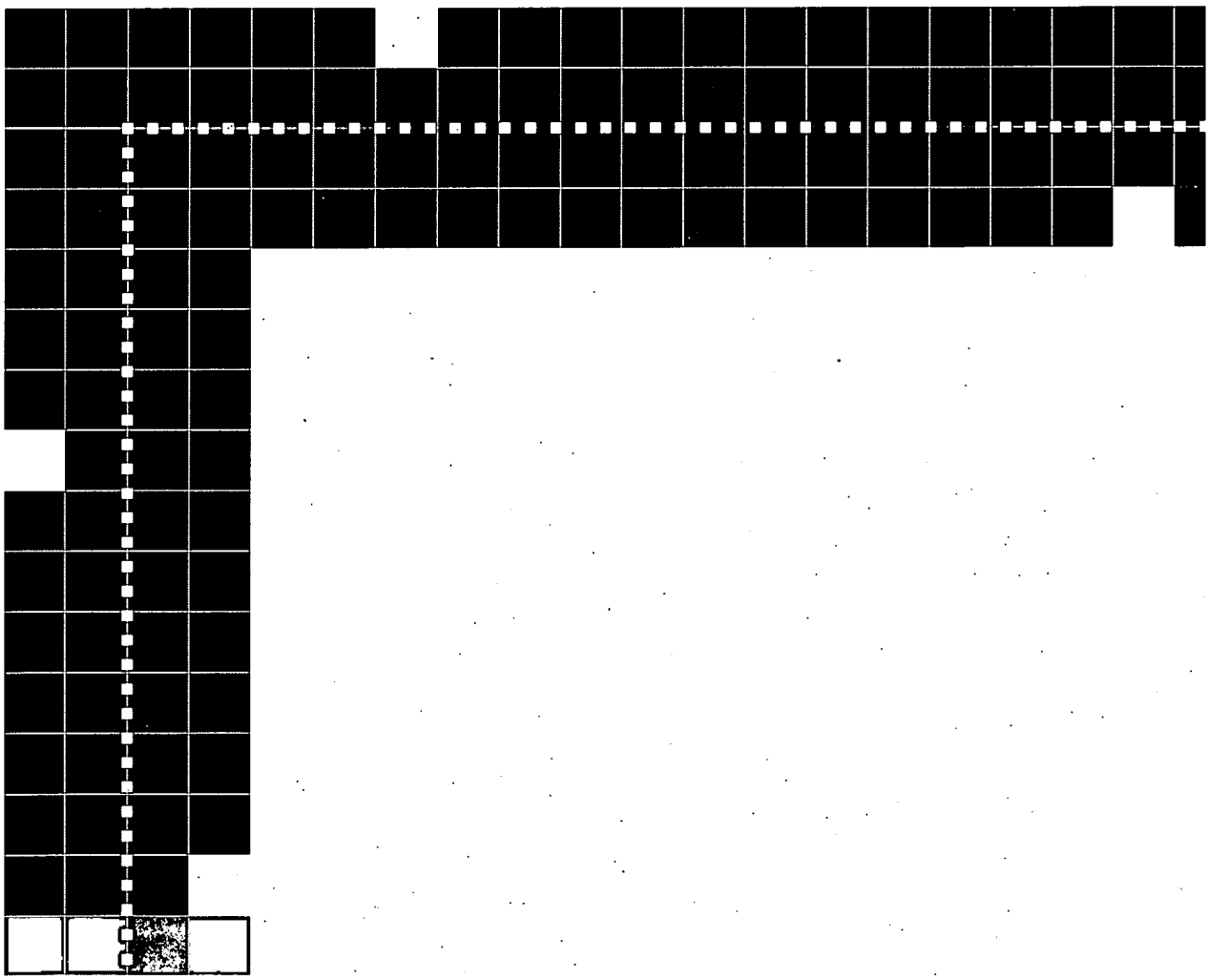


OUR **VISION** IS TO MAKE **COMPLEX MARKETS WORK** FOR **EVERYONE'S BENEFIT**

DIRECTORS, OFFICERS, ADVISERS AND STATUTORY INFORMATION



Non-Executive Directors

Meriel Lenfestey	Chair
Matthew Rees	Senior Independent Non-Executive Director
Annette Nabavi	Independent Non-Executive Director
Simon Wills	Non-Executive Director

Executive Directors

David Thorne	Chief Executive Officer
Alex Goody	Director of Business Development and Consultancy
Daniel Carter-Clout	Director of Finance and Company Secretary

Officers

Jonathan Harley	Director of Client Delivery
Trevor Hutchings	Director of Strategy

Bankers

The Royal Bank of Scotland plc

62/63 Threadneedle Street, London, EC2R 8LA

Auditor

Moore Stephens LLP

150 Aldersgate Street, London, EC1A 4AB

Registered Office

8 Fenchurch Place, London, EC3M 4AJ

Telephone: 020 7090 1000

Fax: 020 7090 1001

finance@gemserv.com

Company Registration Number: 4419878

Ireland Office

Fitzwilliam Hall Business Centre, Fitzwilliam Place, Dublin 2

Telephone: +353 (0) 1 699 4630

business.support@gemserv.com

BUILDING ON OUR PAST...

Data

Organisational and client data is becoming increasingly valuable. Breaches due to malicious and accidental loss are on the rise. Our strategic growth into the data protection landscape is aimed at combating these factors. By building on our experience with data we are creating a more secure future for business and consumers.

Simplicity

Our vision of 'making complex markets work for everyone's benefit' expresses our core belief in navigating through industry and technological complexity to support companies to deliver end consumer simplicity.

Our People

Gemserv's success is inherently attributed to our people. Our philosophy is to invest in them to build a strong platform for successful future growth. We strive every day to maintain our culture of passion, openness and trust built around our core values: impact, collaboration and insight.

...TO SECURE OUR FUTURE

Stakeholders

Our focus on the future does not mean we are sacrificing the present. We know that our existing clients are an intrinsic part of our success and so our service to them must be continually enhanced.

CHAIR'S STATEMENT

I am proud to be writing this as Gemserv's new Chair at this time of great opportunity. I believe that Gemserv can be a significant contributor for positive change in this period of transformation in utility and information markets. Our key strength is our ability to deliver to the very highest standards for large scale, multi-stakeholder programmes, whilst anticipating future needs and supporting organisations who are embracing changes in regulation, technology, business models and data.

Our vision of 'making complex markets work for everyone's benefit' expresses our core belief in navigating through industry and technological complexity to support companies to deliver end consumer simplicity. In the next few years this will become increasingly challenging and important as people demand more choice. They will expect a better balance between control and ease of use to fit into their lives, robust privacy and security, together with a reduced impact on their pockets and the environment.

We are continuing to invest time and funds in the development of our people to build new skills, services and relationships to satisfy these needs. This is essential in a landscape of continual change driven by policy makers and regulators, alongside technology and communication innovators. 2017/18 will prove to be an exciting year as these efforts come to fruition, through refining our offerings in Data Protection and building on our unique expertise in Smart Energy to offer a broader service around connected devices. In tandem, we will continue to work closely with our customers and stakeholders to ensure Gemserv adapts to deliver our core programmes by being well positioned for industry change.

This year has seen a number of changes on the Board as we shape ourselves for the future. I am exceptionally pleased to welcome two new Executive Directors to the Board in Alex Goody (Director of Business Development and Consultancy) and Daniel Carter-Clout (Director of Finance). Furthermore, in line with our commitment to strong corporate governance, Nigel Bromley has rotated off the Board and the Chair role, and I am delighted that Annette Nabavi has been appointed as an Independent Non-Executive Director. Annette brings a wealth of experience across both public and private sectors with a particular focus on telecoms and technology. I believe the diverse mix of expertise and experience of the Board will ensure Gemserv continues to successfully build its future.

Gemserv owes a great deal to Nigel Bromley, both through his time as CEO from the very start and more recently in his time as Chairman. His strong focus on values and good governance is threaded through everything we do, and as the new Chair I am proud to pick up where he leaves off by protecting his legacy in these times of change.

In a year where we have made substantial investments, we are pleased to recommend a final dividend of 90.00p per share for 2016/17. This is in line with our policy of increasing the dividend by RPI +1% year on year.

I am enormously privileged to work with such a great team at Gemserv, and look forward to leading the Board as we work towards our vision.

Meriel Lenfestey

Chair

7th June 2017

WATER

Helping water companies to simplify their processes pre and post retail water market competition

ENERGY

Facilitating customer choice through supporting faster switching and improved access to information

SMART

Working with industry to support smart meter rollout so it is successful and simple for users

PRIVACY

Simplifying the route to General Data Protection Regulation compliance through the use of existing security standards

SIMPLICITY

CHIEF EXECUTIVE'S REPORT

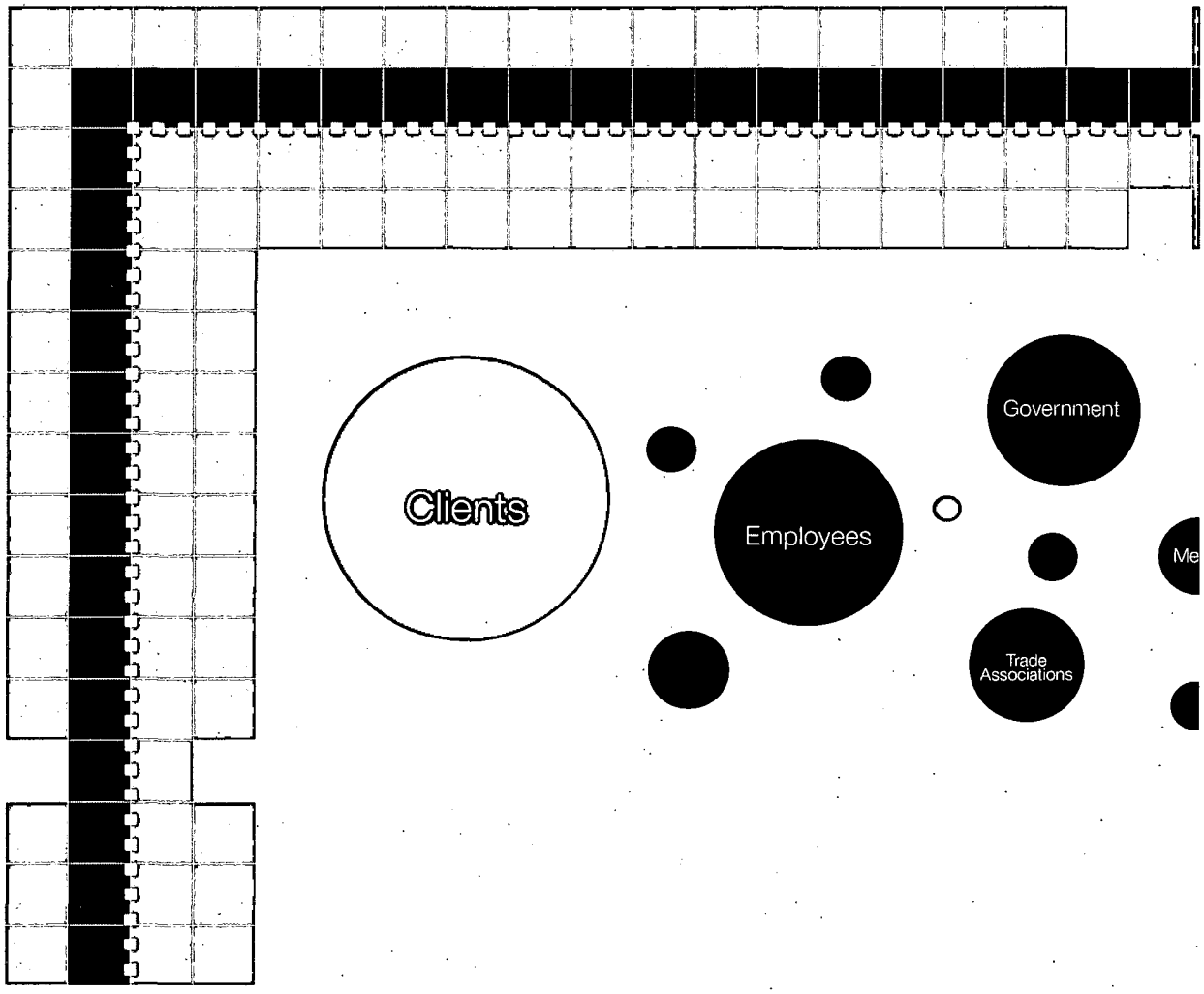
This year has yet again been a period of substantial external change, in terms of the political and regulatory regime as well as within the utility markets which we serve. We have prepared for this increased rate of change by implementing our new five-year company and investment strategy from April 2016, framed around our key objectives: Accelerate growth; Build relationships; and Cultivate talent.

To successfully execute our strategy, we restructured the organisation at the beginning of the year to reinforce our focus on client delivery whilst ensuring we look forward to embrace, and have the required agility to meet, the revolution of technological and business change. This is demonstrated by the appointment of a Director of Client Delivery (Jon Harley), and a Director of Strategy (Trevor Hutchings), to Gemserv's Executive.

The results have followed with the highest revenue in our history of £16.4m (2016: £15.0m). This is driven by deepening our relationships with existing clients, and strong performance developing new business particularly in the smart, information and data protection spaces. As expected, this year's reduced profits reflect our "Invest for Growth" strategy to ensure Gemserv can expand its capability and capacity to secure pivotal roles in, and so gain additional revenue streams from, these new opportunities. This investment has focused on positioning ourselves to harness the huge potential of connected devices, including the standards and security protocols that these new technologies will require.

Our focus on the future does not mean we are sacrificing the present. We know that our existing clients are an intrinsic part of our success and so our service to them must be continually enhanced. Whilst we have made progress this year, we will continue to push to deliver exceptional service in a cost-effective manner and look to gain feedback at every opportunity so we can serve our clients even better.

This progression, both for existing and new business, would not be possible without our people and that is why cultivating talent is one of our three strategic objectives. Their drive to deliver and accept new challenges and responsibilities is the foundation



of Gemserv's achievements. I am therefore delighted that in March, Gemserv was awarded Gold status in the Investors in People (IIP) accreditation, joining a very select group of companies. Our mission is to continue to raise standards so Gemserv remains a great place to work and the employer of choice.

In a year that saw Gemserv celebrate its 15th birthday, the extent to which Gemserv has evolved since its creation in 2002 is striking. We have broadened and deepened our services to the utility market and beyond, whilst drawing on our experience in supporting these markets over one and a half decades. This ability to evolve, think ahead and provide insight into an ever-changing world is critical to Gemserv's success both now and for the future, so we can continue to press forward towards our vision to ensure complex markets work for everyone's benefit.

David Thorne

David Thorne

Chief Executive

7th June 2017

STAKEHOLDERS

Regulators

Our success this year has been driven by our deepening relationships with existing clients.

Gemserv places great emphasis on building relationships with our stakeholders. Being able to understand and meet our stakeholders' needs is vital to our success.

It's our aim to continually improve the service we deliver so it is exceptional each and every day.

DATA

Gemserv's strategic investment in data protection is a response to the ever increasing desire for services within the industry. With breaches becoming more prevelant and the incoming General Data Protection Regulations, there has never been more of an emphasis on organisations to protect their data.

Given the breadth of our information security knowledge, Gemserv is able to integrate security consultancy throughout the sectors in which we operate in to help provide robust privacy controls for organisations and peace of mind for customers.

Gemserv makes markets work effectively, securely and with integrity.

Recent ICO statistics highlight the increased risks and threat levels posed over the past year to data

Data protection complaints made to the ICO

2016/17 - 18,354 ↑ 12%
2015/16 - 16,388

Civil monetary penalties under the Data Protection Act

2016/17 - £1,561,000 ↑ 189%
2015/16 - £540,200

Prosecutions under section 55 of the Data Protection Act

2016/17 - 14 ↑ 366%
2015/16 - 3

Source: ICO Annual Reports

HIGHLIGHTS

Three year high in terms of value of contracts won

The year to 31st March 2017 saw the renewal of high profile contracts such as the Biomass Suppliers' List and Landlord Tenant Address Portal in water, and new clients such as ESB in Ireland. The estimated value of future contracts won in the year is £8.9 million, with a strong pipeline of opportunities into the following financial year. In addition to strong organic growth, Gemserv continues to look for acquisitions that are aligned with its strategy.

Strategic investments – Data Protection

As part of the company's new five year strategy, there was a major investment in new capabilities to create new services and markets for Gemserv. This year the business developed a new service offering to assist with the introduction of the EU General Data Protection Regulation. This has allowed us to extend the service we provide to our clients and exceed our year one expectations.

Red Island Consulting becomes Gemserv

During the financial year, the Red Island information security practice was rebranded to Gemserv. This is part of an ongoing integration to ensure that we offer a seamless service to our clients in line with our mission - to make markets work effectively, securely and with integrity.

Delivering the CMA remedies

Through our contract with MRASCo, Gemserv delivered a solution that allows Third Party Intermediaries (also known as price comparison websites) access to the Electricity Central Online Enquiry Services (ECOES) to aid customer switching. This was done under direction from Ofgem and was achieved on time and on budget. Gemserv is currently working with industry to provide a solution that surpasses the order with the delivery in 2017 of an Application Programme Interface (API) which is Dual Fuel compatible.

Changes to Articles of Association

In July, we agreed with shareholders, via a special resolution, to modernise the Gemserv articles to align with the Companies Act 2006 Model Articles for Private Limited Companies. The amendment included the removal of the restriction on share ownership i.e. it now allows parties who are not electricity licensees to hold shares in our business. This reflects our five year strategy to continue to diversify across the energy industry and other industries. Furthermore, it provides flexibility for our shareholders to hold Gemserv shares in other non-licensed corporate entities, enabling consideration of other share ownership models such as employee share schemes.

Investors in People (IIP)

In March 2017, Gemserv was awarded Gold status for IIP, the internationally recognised standard for people management. Gold status is awarded to a very select group of companies who meet the extensive, exacting requirements for this prestigious accolade. This award reflects our core commitment to lead, support and manage our people for sustained success.

Alex Goody

Alex Goody

Director of Business Development & Consultancy

7th June 2017

INVESTORS IN PEOPLE

This year Gemserv was successfully awarded the Investors in People (IIP) Gold Accreditation, a level which only around 2% of companies have achieved under the IIP5 standard. Attaining the highest level of this internationally recognised standard is a great achievement for Gemserv. It demonstrates the importance we place on our people and their critical role in helping to grow a successful and sustainable company.

Gemserv's success is inherently attributed to our people. Our philosophy is to invest to build a strong platform for successful future growth. Over the years we have invested in management skills, along with targeted development initiatives, to recognise and reflect our people's personal growth and diversity. We strive every day to maintain our culture of passion, openness and trust built around our core values: impact, collaboration and insight.

Central to our success is a compelling vision of Gemserv's future, through aligning and strengthening our business practice, leadership and management capability. Key to this work has been:

- A clear business strategy that articulates our aspirations and inspires everyone;
- Investment in people development and talent management;
- Strengthening our culture by linking performance to our core values and behaviours; and
- Placing our clients at the heart of everything we do and seeking to deliver exceptional services with passion and trust.

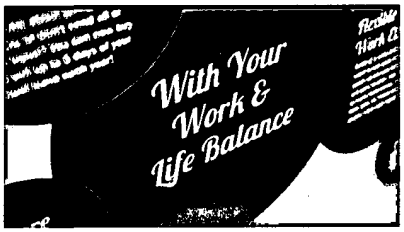
> "I have had tremendous opportunities to grow and to develop, both professionally and personally. I am not the only one."

Our focus on aspiring to become an even better workplace will continue. We will take forward the *proposals from IIP to enhance our approach. In* particular, we will execute our talent management strategy by strengthening our core capability through: attracting the right people; investing in our existing people; and providing an environment in which everyone can be the best that they can be.

OUR PEOPLE

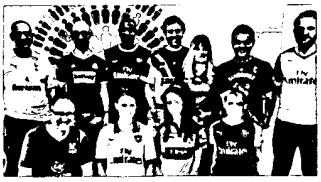
"There is a refreshingly open culture. I never feel I can't give feedback"

"You can't help it - you just learn new things all the time"



COMMUNITY

ENVIRONMENT



FUNDRAISING

CORPORATE SOCIAL RESPONSIBILITY

Gemserv's approach to Corporate Social Responsibility (CSR) consists of three main areas of focus: Community, Fundraising and Environment. These three areas allow us to concentrate our time and resources on supporting good causes and adding value to our community.

Over the last year we have continued to support two main charities selected by our staff.

For Jimmy is a London based charity which focuses on educating young people on the possible side effects of violence, aiming to create safer local communities. Macmillan Cancer Support provides support to those directly and indirectly affected by cancer.

We support our charities with regular fundraising activities, including bake sales and quiz nights.

Our largest annual fundraising event of the calendar year, RPI-X Factor, once again showcased the talents from across the utility and environment industry in a 'battle of the bands' competition, hosted by the Gemserv staff. Musicians from various companies, including Gemserv, competed in a night of great entertainment. This year's event was once again a success and raised £4,000 for the Gemserv charities, a feat that would be unachievable if it were not for the hard work put in by colleagues to engage with staff, the industry and to put their time and effort into organising the event.

A primary focus over the past year has been to go beyond fundraising and engage with our chosen charities in new ways. This was reflected in a session set up by the CSR team in which representatives from both charities attended the Gemserv offices and presented to the staff on how our help and support has benefitted their causes.

A Certified Volunteering List (CVL) has been implemented with the aim of providing a tool for all staff to seek and research possible opportunities to provide assistance and value to charities across the country. All Gemserv staff are encouraged to take one paid volunteering day each year, and this has been taken up by many people throughout the business.

Gemserv continues to demonstrate its commitment to improving the environment, and remains certified to both the ISO 50001 standard for our Energy Management System (EnMS) and the ISO 14001 standard for our Environmental Management System (EMS). On top of these certifications, Gemserv continues to aid the UK's dwindling bee population by hosting two beehives on the roof of our offices in Fenchurch Place.

The desire to give back is something that is evident throughout the company, demonstrated by the passion and commitment of our people to make a difference.

Looking forward, Gemserv staff will once again be invited to vote on which charities they wish to support, whether that be through fundraising, volunteering or external support. RPI-X Factor will return for its seventh year in 2017 and the CSR team will keep looking for more innovative and engaging ways to continue to support our community.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2016/17

Directors' Report

Introduction

The Directors present their report on the results of the Company, together with the Strategic Report, the Financial Statements and the Auditor's Report, for the year ended 31st March 2017.

Results and Dividends

In the year to 31st March 2017, the Company achieved revenues of £16.4m (2016: £15.0m) and operating profit of £0.8m (2016: £1.6m). Commentary on the results is contained in the Strategic Report.

In line with the Company's dividend policy to increase ordinary dividend payments by RPI plus 1%, the Directors recommend an ordinary dividend of 90.00p per share (2016: 86.46p) totalling £207k.

Share Issues

There were no share issues during the year.

Directors and their interests

The Directors who served during the year were as follows:

- Nigel Bromley (resigned as Chairman and Director 25th January 2017)
- Meriel Lenfestey (appointed as Chair 25th January 2017)
- Ken McRae (resigned 31st May 2016)
- Mike Jeans (resigned 21st July 2016)
- Jagjit Dosanjh-Elton (resigned 31st December 2016)
- Simon Wills*
- Matthew Rees
- David Thorne
- Alex Goody (appointed 28th September 2016)
- Daniel Carter-Clout (appointed 25th January 2017)
- Annette Nabavi (appointed 25th January 2017)

*Non-Executive Director from the shareholder community

No Director at 31st March 2017 had any beneficial interest in any of the shares of the Company.

Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with FRS102 (Financial Reporting Standards applicable in the UK and Republic of Ireland). 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 the affairs of the Company and of the surplus or deficit of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on a 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, 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

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken in order to make themselves aware of any relevant information, and to establish that the Company's auditor is aware of that information.

Auditor

Moore Stephens LLP is willing to seek reappointment as the auditor to the Company. A resolution proposing its reappointment will be put forward at the forthcoming General Meeting.

Approved by the Board and signed on its behalf by:

Daniel Carter-Clout

Director of Finance and Company Secretary

7th June 2017

Strategic Report

Principal Activities

Gemserv provides bespoke end to end consultancy and operational support services to its clients, primarily within the utility and environmental sectors. Our services range from providing specialist advice on market design, information security, data protection and assurance to administering transformational industry codes and national schemes.

We work with our clients to inform policy development, shape the future operating landscape and implement enduring solutions on behalf of government departments, regulators, trade associations and market participants.

We are a 'people business' and our highly talented team deeply understand the markets in which we operate, and translate that experience into delivering client requirements. We continue to challenge ourselves to keep evolving, which has been the foundation for successfully implementing ambitious policy into practice year after year.

Business Review

This year the business has continued to grow, building on the organisational restructure in May 2016. We have achieved record revenues, increasing from last year's £15.0m to £16.4m. The evolution of the Smart Metering landscape in GB and Ireland, coupled with robust performance across other areas of the Company, supported continued revenue growth.

Despite the growth in revenue, the Company generated a reduced operating profit of £0.8m (2016: £1.6m). The decrease reflects: one-off costs associated with the organisational restructure; investment in new service and product propositions in line with our strategy of investing to grow and diversify the business further; upfront costs on the Smart Metering Device Assurance scheme, demonstrating Gemserv's willingness to invest at low margins for the benefit of the industry; and lower margins on two major projects where we used third party suppliers to meet specific technical requirements. Where there is an ongoing need for these skills, we are developing in-house expertise.

Net assets at the year end were £7.5m (2016: £7.0m), and working capital was £7.0m (2016: £6.3m) including increased debtors of £4.9m (2016: £2.9m). The increase in debtors was due to two main factors: a major milestone payment on the development phase of the Smart Metering Device Assurance scheme falling after the year end, and timing differences on the payment of invoices on two other ongoing contracts.

Despite the increase in debtors reducing the cash and cash equivalents balance at the year end to £6.3m (2016: £7.1m), our reserves continue to be strong, enabling Gemserv to plan for tomorrow by investing today.

Gemserv is not only responding to, but shaping, the increasingly rapid changes across the sectors in which we operate. Indeed, revenue growth is a direct result of the trust both existing and new clients have in us to provide innovative solutions that shape the future. The foundations of our operations are stronger than ever and we continue to exceed expectations, delivering complex projects within very ambitious timescales.

Whilst the standards and approach of client delivery are consistent across our contracts, the balance of revenue has changed. In particular, as the Smart Metering programme progresses to 'go live' in GB and develops further in Ireland and Northern Ireland, Gemserv's expertise has been increasingly in demand. Contracts such as the Smart Energy Code Administrator and Secretariat (SECAS) and the Smart Metering Device Assurance (SMDA) scheme have enabled us to put critical infrastructure in place to support policy aims. We have also been key in supporting regulators and participants with technical and information security advice, including building on our relationships with the Commission for Energy Regulation (CER) in Ireland and the Utility Regulator in Northern Ireland.

We continue to push ourselves to support the complex set of services our clients require. The ability to increase revenue and at the same time continuously improve the standard of delivery services has been a direct result of planned efforts to build an organisational infrastructure for the long-term. We focus on developing knowledge, improving core processes and embedding a framework of behavioural competencies based on collaboration, insight and impact. We have made significant efforts to ensure technical solutions are innovative, long-term and secure and have directly supported clients' strategic as well as operational objectives, invariably acting as a critical friend and trusted partner.

Our position as a trusted partner has been strengthened by the successes (see Highlights page 13) where we have delivered significant projects for our existing clients and renewed major contracts. The renewal of the Biomass Supplier's List (BSL) contract with the Department for Business, Energy and Industrial Strategy (BEIS) saw us successfully transition from a government subsidised to a self-funding scheme. Our ongoing commitment to support the development of a low carbon economy and environmental policy that achieves long-term commercial sustainability for participants remains central to what we do.

Looking forward, change will continue at pace. Faster (next day) switching is progressing, as is the implementation of orders resulting from the Competition and Markets Authority (CMA) review. To support change, our Delivery, Consultancy and Transformation teams have been working with key stakeholders to inform policy and debate. The strength of our stakeholder relationships and the depth of our expertise has contributed significantly to the debate so far about what the future governance arrangements will be in the Energy sector.

We are focusing on working in partnership with other Code Bodies and the Regulator to support market participants and consumers. We are open to change and, whilst many of the foundations and infrastructure of the past can be built on, the operating environment is ripe for reform.

Company Strategy and Performance Measures

Gemserv's aspiration is to continue to deliver sustainable and profitable growth by making complex markets work for everyone's benefit.

Leveraging our strong financial and operational business model means the Company is well positioned to realise its Vision. To this effect our strategic intent continues to be centred on:

A: Accelerating growth by investing in existing services, new business in new markets and by adopting a proactive acquisition strategy;

B: Building relationships with our clients to deliver exceptional service and with our stakeholders to position Gemserv for the future; and

C: Cultivating talent to realise full potential, deepen our professional and intellectual capability and strengthen our management and delivery capacity.

One year into our five-year strategy, we have progressed well against our objectives.

From a commercial stance, we have moved forward on our medium-term goal to deliver £22m revenue with a double digit operating profit margin by 2021. Revenue delivered a £1.4m increase with strong headway in terms of strategic investment, specifically the development of Data Protection and Connected Devices propositions being tested with the market. We continue to explore a potential acquisition, funding such investment through our cash reserves.

On an operational level, we track our performance through a combination of financial and non-financial targets which include:

- Gross Margin %;
- Forward looking secured income levels;
- New sales pipeline conversion rates;
- Upselling rates;
- Utilisation levels;
- Customer Engagement statistics;
- Marketing effectiveness through PRACE (Plan, Reach, Act, Convert, Engage) scores;
- Employee statistics (engagement, satisfaction and diversity levels); and
- Business performance measures.

Tracking these metrics provides foresight, to project forward trends and inform our business risk analysis, and acts as early warning indicators so we can adapt to changing circumstances.

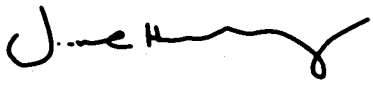
Business Risk

The Board collectively assesses business risk by reviewing and updating the corporate risk register in the context of developments in the external environment and internal operations. The Audit and Risk Committee evaluates the effectiveness of our risk management processes and informs the Board of any key findings. Several core risks are continuously managed including:

- The impacts of government, regulatory and industry changes taking place in relation to our core contracts;
- Financial dependency on key contracts;
- Delivery dependency on key technology/suppliers;
- Increased competition from existing code bodies, international consultancy practices and major outsourcing companies;
- Retention of key talent;
- Infrastructure resilience; and
- The risk of information security breaches.

These risks are regularly appraised and mitigating actions are put in place as appropriate.

The risks facing the business are regularly assessed against the medium-term Company Strategic Plan, which is periodically modified to reflect significant changes in the operating environment.



Jonathan Harley

Director of Client Delivery

7th June 2017

Corporate Governance Statement

The Board of Directors is committed to the highest standards of corporate governance and believes that such standards are essential to business integrity and performance.

Accordingly, although Gemserv is not listed on a Stock Exchange, the Board aligns its approach to Corporate Governance with the Financial Reporting Council's UK Corporate Governance Code. The Board welcomes the guidance it provides as the basis for preparing annual accounts.

This alignment reflects the interest of both our shareholders and the clients that we serve.

Board of Directors

The Board usually meets six times a year and has a schedule of matters specifically reserved for its approval. In particular, the Board is responsible for:

- Development and approval of strategy and key policies;
- The corporate risk register;
- Approval of major developments, including acquisitions;
- Approval of the annual business plan and budget;
- Board and Committee appointments and related terms of reference;
- Review of management performance;
- Approval of significant changes in accounting policy and practice; and
- Corporate Governance and internal control.

The Board acknowledges its responsibility for the systems of internal control within the Company and for ensuring these systems maintain the integrity of accounting records and the safeguarding of its assets. The purpose of these systems is to provide reasonable assurance as to the reliability of financial information and to maintain proper control over income, expenditure, assets and liabilities.

Going concern

The Board confirms that, after making appropriate enquiries, it is of the opinion that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing these accounts.

Financial reporting

There is a comprehensive business planning system in place with the strategy and the annual budget approved by the Board. Monthly actual results are reported against budget and forecasts for the year are prepared regularly. The Executive Team reviews the monthly reports.

Risk management

The Audit and Risk Committee evaluates the effectiveness of the risk management and reporting framework on a periodic basis. The key findings are reported to the Board, which is responsible for examining and managing the major strategic, business and operational risks that the Company faces on a continual basis.

A Risk Management Framework has been established that ensures risks are monitored and reported regularly at all levels, and that appropriate actions are in place to mitigate the perceived significant risks.

Controls and procedures

Gemserv maintains a comprehensive set of delegations of authority and financial regulations, and all material breaches are reported to the Audit and Risk Committee. The financial controls and procedures are reviewed regularly and compliance with them is assessed as part of the annual audit. The Audit and Risk Committee reviews internal controls for compliance with relevant legislation.

Shareholder relations

The Board reviews its relations and communications with shareholders on an annual basis. The Annual Report and Accounts are presented to shareholders at a General Meeting held in July of each year. A Non-Executive Director from the shareholder community is represented at Board level and the Board ensures an ongoing dialogue with other shareholders through a range of communications.

Committee Reports

The Board has three standing committees: an Audit and Risk Committee; a Remuneration Committee; and a Nominations Committee. Each is formally constituted with terms of reference and includes at least two Non-Executive Board members.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in the execution of its responsibilities for Corporate Governance and internal control, and has adopted terms of reference modelled on those set out in the UK Corporate Governance Code. This includes evaluating the effectiveness of the risk management framework to inform the Board's approach in examining and managing the strategic and operational risks facing the Company.

The members of the Committee who served during the year were Non-Executive Directors: Mike Jeans, Simon Wills and Matthew Rees. Mike Jeans retired in July 2016, with Matthew Rees taking over the position as the Committee Chairman. The Finance Director is the Secretary of the Committee. The External Audit Partner and the Chief Executive also attend meetings as required.

The Audit and Risk Committee approves the audit fees and reviews the Company's internal financial control structure and external audit process. It monitors the effectiveness of the Company's internal controls, risk management framework, the integrity of the financial statements and proposed announcements, together with any proposed changes in accounting policies, prior to approval by the Board. The Committee also keeps under review the objectivity and independence of the external auditor and the nature and extent of the non-audit services it provides. The Committee met three times during the year and the key issues discussed included:

- Internal audit processes and findings;
- Review of Risk Management Framework; and
- The Financial results and the Annual Report for 2015/16.

Remuneration Committee

The Remuneration Committee determines the remuneration of the Executive Team on behalf of the Board and approves the remuneration strategy for all Gemserv employees. Its members are all Non-Executive Directors who met during the year under the Chair of Meriel Lenfestey. The Chief Executive and the Head of HR attend the meetings to present proposals with respect to Gemserv's Remuneration Strategy. The Committee met nine times during the year and the key items discussed included:

- Reviewing the proposed annual remuneration, including the levels of salary, bonus and pensions payable to staff;
- Reviewing the remuneration package of the Executive Team, in line with Company and personal performance and contribution; and
- Reviewing and approving a Company-wide Incentive Scheme update that aligned all schemes with the company's five year plan.

From June 2017, the position of Chair will be taken by Annette Nabavi, in line with recommended practice to separate the roles of Chair of the Board and Chair of the Remuneration Committee.

Nominations Committee

The Nominations Committee is chaired by the Board Chair and comprises all Non-Executive Directors. The Committee manages the process for Board appointments, ensuring there is a formal and appropriate procedure for the appointment of new Directors to the Board. The Committee is responsible for leading the process and making recommendations to the Board. In addition, the Committee is responsible for reviewing succession planning for the Board and Executive Team members in line with its approved terms of reference.

The Committee met three times during the year and the key items discussed included:

- The appointment process and recommendation for a new Non-Executive Director;
- The appointment of new Executive Directors;
- The appointment of a new Board Chair; and
- Succession planning for Senior Management.

Executive Team

The Board has delegated operational matters to the Executive Team. The Executive Team is led by the Chief Executive and included two other Executive Directors and one Senior Manager during the year. The Team formally meets twice a month.

The Team is responsible for the development of strategic options for consideration by the Board and implementing the Company Strategy. The Team also leads on providing oversight on commercial operations, financial performance, Company risk profile and the organisation's resource planning.

Daniel Carter-Clout

Executive Director and Company Secretary

7th June 2017

Auditor's Report

Our opinion

In our opinion, Gemserv Limited's ("the Company") financial statements ("the financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of the Company's profit for the period then ended;
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Financial statements subject to audit

We have audited the financial statements of Gemserv Limited for the period ended 31 March 2017 which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Statement of Cash Flows; and
- the related notes.

The financial reporting framework that has been applied in their preparation is applicable law including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 20, 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) ("ISA"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Our assessment of risks of material misstatement

We identified the risk of revenue recognition, specifically understatement as being the risk which has had the greatest impact on our audit strategy and scope. This is effectively the risk that the revenue reported is inaccurate, incomplete or has been recognised in the wrong period.

To respond to the risk identified above, we carried out the following procedures: substantive testing from project contracts and sales invoices, tracing details through to the financial statements and reviewing cash receipts; a comparison between reported amounts and the Company's budgets, whereby any significant differences were investigated. We have tested unbilled revenues to ensure they are recognised in the correct period and are included at the correct amount.

Our application of materiality

We set certain thresholds for materiality. These helped us to establish transactions and misstatements that are significant to the financial statements as a whole, to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on balances and on the financial statements as a whole.

In establishing the audit strategy, it was determined that the level of uncorrected misstatements judged to be material for the financial statements and our audit overall would be £328,000, approximately 2% of turnover.

We agreed with the Audit and Risk Committee that we would report to them all unadjusted audit differences in excess of £15,000, as well as any differences below this figure to the extent this was considered necessary.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company acquired in the course of performing our audit; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

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

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

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

Moore Stephens LLP

Stephen Corrall [redacted]

(Senior Statutory Auditor)

for and on behalf of Moore Stephens LLP

Chartered Accountants and Statutory Auditor

London

7th June 2017

Statement of Comprehensive Income

For the year ended 31st March 2017

Company Registration Number: 4419878

	Notes	2017 £'000	2016 £'000
REVENUE	2	16,444	15,009
ADMINISTRATIVE EXPENSES		(15,632)	(13,391)
OPERATING PROFIT		812	1,618
Interest receivable and similar income		26	32
PROFIT BEFORE TAXATION	3	838	1,650
Tax on profit on ordinary activities	5	(180)	(63)
PROFIT FOR THE YEAR		658	1,587

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

The notes on pages 32-39 form part of these financial statements.

Statement of Financial Position

Company Registration Number: 4419878

As at 31st March 2017

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Intangible assets	7	74	94
Property, Plant, Equipment	8	470	709
		544	803
CURRENT ASSETS			
Debtors	9	4,948	2,942
Cash equivalents	10	508	2,507
Cash at bank and in hand	11	5,755	4,586
		11,211	10,035
CREDITORS			
Amounts falling due within one year	12	(4,234)	(3,758)
NET CURRENT ASSETS		6,977	6,277
TOTAL ASSETS LESS CURRENT LIABILITIES		7,521	7,080
PROVISION FOR LIABILITIES			
Deferred Taxation	13	(14)	(32)
NET ASSETS		7,507	7,048
CAPITAL AND RESERVES			
Share capital	14	230	230
Profit and loss account		7,277	6,818
EQUITY SHAREHOLDERS' FUNDS		7,507	7,048

Approved by the Board and authorised for issue on 7th June 2017 and signed on behalf of the Board by:

Meriel Lenfestey
Chair

David Thorne
Chief Executive

The notes on pages 32-39 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31st March 2017

	Notes	Share Capital £'000	Profit and Loss Account £'000	Total £'000
Balance at 1st April 2016		230	6,818	7,048
Profit for the year		-	658	658
Dividends paid	6	-	(199)	(199)
BALANCE AT 31ST MARCH 2017		230	7,277	7,507

	Notes	Share Capital £'000	Profit and Loss Account £'000	Total £'000
Balance at 1st April 2015		230	5,426	5,656
Profit for the year		-	1,587	1,587
Dividends paid	6	-	(195)	(195)
BALANCE AT 31ST MARCH 2016		230	6,818	7,048

Statement of Cashflows

As at 31st March 2017

	2017	2016
	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	838	1,650
Adjustments for		
Interest received	(26)	(32)
Depreciation of property, plant and equipment	260	280
Amortisation of intangible fixed assets	20	7
Loss on disposal of property, plant and equipment	9	13
(Increase)/decrease in debtors	(2,006)	136
Increase/(decrease) in creditors	351	(52)
CASH FROM OPERATIONS	(554)	2,002
Tax paid	(82)	(252)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(636)	1,750
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	26	32
Purchase of plant, property and equipment	(30)	(125)
Purchase of intangible fixed assets	-	(11)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(4)	(104)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(199)	(195)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(199)	(195)
Unrealised gain from the effect of exchange rate change	9	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(830)	1,451
Total cash and cash equivalents at the beginning of the period	7,093	5,642
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,263	7,093

Notes to the Financial Statements

General Information

Gemserv Limited, a private company limited by shares, is incorporated in the United Kingdom (registered number 4419878). The address of the registered office is 8 Fenchurch Place, London, EC3M 4AJ.

1: Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in £ sterling being the functional currency of the Company and in accordance with the Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' and the Companies Act 2006.

The Company has taken advantage of s402 Companies Act 2006 not to prepare group accounts on the basis that the exclusion of Red Island Consulting Limited, its dormant subsidiary, would not have a material impact upon these financial statements.

The following principal accounting policies have been applied:

Revenue

Revenue is recognised upon completion of service or at agreed milestones to the extent that it is probable that the economic benefits will flow to the Company 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. Where contracted services have been rendered but not invoiced at the year end, the value of these services is recognised within accrued income. Conversely, where services have been invoiced in advance, these sums are carried forward at the year end as deferred income and included in creditors.

Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable. Financial assets are measured at the present value of amounts receivable, less an allowance for the expected level of doubtful receivables. Financial liabilities are measured at the present value of the obligation.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions during the period are translated at the rate of exchange ruling at the date of the transaction.

Operating leases

Property rentals payable under operating leases are charged against profit on a straight line basis over the duration of the lease period.

Intangible fixed assets

Intangible fixed assets are stated at cost less amortisation. The Company's policy is to amortise intangible fixed assets at rates calculated to write off their cost, less their estimated residual value, over their expected useful lives from the date of purchase on the following basis:

- Software: 3-5 years

Plant, property and equipment

Plant, property and equipment is stated at cost less depreciation. The Company's policy is to depreciate at rates calculated to write off the cost of plant, property and equipment, less its estimated residual value, over its expected useful life from the date of purchase on the following basis:

- Leasehold improvements: 5 years;
- Office and computer equipment: 2-4 years; and
- Office furniture: 4-5 years.

Pension costs

The Company operates a defined contribution scheme. Contributions are charged in the profit and loss account in the period in which they are paid.

Current and deferred taxation

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

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

The Company has, in the past, made claims for Research and Development tax credits, the benefits of which are uncertain until such time as they are approved by H.M. Revenue & Customs. Due to this level of uncertainty, the Company only recognises such credits once any benefit has been received, however, this approach can lead to significant adjustments in respect of prior periods.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Critical accounting estimates and judgements

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Critical judgements in applying the Company's policies

The most critical is the estimation of revenue receivable for certain contracts undertaken during the year, which are included in current assets at management's estimate of the fair value attributable to those contracts.

	2017	2016
	£'000	£'000

2. REVENUE

REVENUE BY GEOGRAPHIC AREA IS AS FOLLOWS:

UK	16,047	14,410
Rest of Europe	397	599
	16,444	15,009

3. PROFIT BEFORE TAXATION

This is stated after charging:

Depreciation and amortisation of fixed assets	280	287
Loss on disposal – tangible fixed assets	9	13
Staff costs (see note 4)	7,628	6,810
Foreign exchange (gain)/loss	(29)	55
Payments under operating lease	449	441
Auditor's remuneration:		
Audit services	20	20
Non-audit services	35	3
	55	23

4. STAFF COSTS

STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION) DURING THE YEAR AMOUNTED TO:

Wages and salaries	6,542	5,820
Social security costs	766	662
Pension costs	320	328
	7,628	6,810

THE AVERAGE NUMBERS OF DIRECTORS AND PERMANENT STAFF EMPLOYED DURING THE YEAR WERE:

	No.	No.
Non-Executive Directors	4	4
Executive Directors	3	3
Permanent Staff	121	114
	128	121

DIRECTORS' REMUNERATION

The total amount of Directors' remuneration and other benefits was £915k (2016: £779k). The remuneration of the highest paid Director was £282k including £17k pension contribution (2016: £279k including £16k pension contribution).

Directors' remuneration includes £283k (2016: £177k) in respect of the Senior Management Incentive and Retention Scheme. Pension contributions of £35k (2016: £44k) were made in respect of 5 Directors including retired Directors (2016: 3).

Alex Goody and David Thorne have season ticket loans in accordance with the Company's normal terms for staff. The amounts advanced to Alex Goody and David Thorne in the year were £2,668 and £3,108 respectively. The amounts outstanding at the end of the year were £889 and £1,295 respectively.

KEY MANAGEMENT REMUNERATION

The total amount of key management remuneration and other benefits was £1.4m (2016: £1m). The Management Team consists of senior managers who have responsibility for business operations. This includes the Executive Directors.

	2017	2016
	£'000	£'000

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

ANALYSIS OF TAX CHARGE FOR THE PERIOD

UK corporation tax on profits for the period	198	354
Adjustments in respect of R&D tax credits for prior years	-	(272)
Total current tax	198	82
Deferred tax		
Origination and reversal of timing differences	(17)	(14)
Effect of decreased tax rate on opening balance	(1)	(5)
Tax on profits on ordinary activities	180	63

FACTORS AFFECTING TAX CHARGE FOR THE PERIOD:

Profit before tax:	840	1,650
Tax on profits at 20% (2016: 20%)	168	330
Effects of:		
Expenses not deductible for tax	4	2
Fixed asset timing differences	6	7
Adjust opening deferred tax to average rate of 20% (2016: 20%)	4	-
Adjust closing deferred tax to average rate of 20% (2016: 20%)	(2)	(4)
Adjustments in respect of R&D tax credit for prior years	-	(272)
Tax on profits on ordinary activities	180	63

	2017	2016
	£'000	£'000

6. DIVIDEND

AMOUNTS RECOGNISED AS DISTRIBUTIONS TO ORDINARY SHAREHOLDERS IN THE YEAR:		
Final 2016 ordinary dividend of 86.46p (2015: 84.69p) per share paid in the year	199	195
AMOUNTS NOT RECOGNISED AS DISTRIBUTIONS TO ORDINARY SHAREHOLDERS DURING THE YEAR:		
Proposed final 2017 ordinary dividend of 90.00p (2016: 86.46p) per share	207	199

The proposed final 2017 ordinary dividend is subject to approval by shareholders at a General Meeting and has not been included as a liability in these financial statements, in accordance with FRS 102.

7. INTANGIBLE FIXED ASSETS

	SOFTWARE £'000
COST	
At 1st April 2016	101
Additions	-
At 31st March 2017	101
AMORTISATION	
At 1st April 2016	7
Charge for the year	20
At 31st March 2017	27
NET BOOK VALUES	
At 31st March 2017	74
At 31st March 2016	94

	SOFTWARE £'000
COST	
At 1st April 2015	90
Additions	11
At 31st March 2016	101
AMORTISATION	
At 1st April 2015	-
Charge for the year	7
At 31st March 2016	7
NET BOOK VALUES	
At 31st March 2016	94
At 31st March 2015	90

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Office & computer equipment £'000	Office furniture £'000	Total £'000
COST				
At 1st April 2016	626	592	164	1,382
Additions	1	29	-	30
Disposals	-	(521)	-	(521)
At 31st March 2017	627	100	164	891
DEPRECIATION				
At 1st April 2016	125	483	65	673
Charge for the year	125	94	41	260
Disposals	-	(512)	-	(512)
At 31st March 2017	250	65	106	421
NET BOOK VALUES				
At 31st March 2017	377	35	58	470
At 31st March 2016	501	109	99	709

	Leasehold improvements £'000	Office & computer equipment £'000	Office furniture £'000	Total £'000
COST				
At 1st April 2015	601	543	164	1,308
Additions	25	100	-	125
Disposals	-	(51)	-	(51)
At 31st March 2016	626	592	164	1,382
DEPRECIATION				
At 1st April 2015	40	366	25	431
Charge for the year	85	155	40	280
Disposals	-	(38)	-	(38)
At 31st March 2016	125	483	65	673
NET BOOK VALUES				
At 31st March 2016	501	109	99	709
At 31st March 2015	561	177	139	877

	2017	2016
	£'000	£'000

9. DEBTORS

Trade debtors	3,247	1,691
Other debtors	377	139
Prepayments and accrued income	1,324	1,112
	4,948	2,942

10. CASH EQUIVALENTS

Short term deposits	508	2,507

The deposits of £508k can be released early by giving 95 days' notice to the Company's bankers.

11. CASH AT BANK AND IN HAND

Cash at bank	5,755	4,586

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	219	364
Other creditors including social security	727	768
Corporation tax	199	82
Accruals and deferred income	3,089	2,544
	4,234	3,758

12. DEFERRED TAXATION

Capital allowances	14	39
Short term timing differences	-	(7)
Deferred tax liability	14	32

THE MOVEMENT DURING THE YEAR IS AS FOLLOWS:

Balance at 1st April 2016	32	52
Capital allowances	(23)	(14)
Short term timing differences	7	-
Effect of change in tax rate on opening balances	(2)	(6)
Balance at 31st March 2017	14	32

	2017	2016
	£'000	£'000

14. SHARE CAPITAL

Authorised 500,000 Ordinary shares of £1 each (2016: 500,000)	500	500
Called up, issued and fully paid 230,258 Ordinary shares of £1 each (2016: 230,258)	230	230

15. FINANCIAL COMMITMENTS

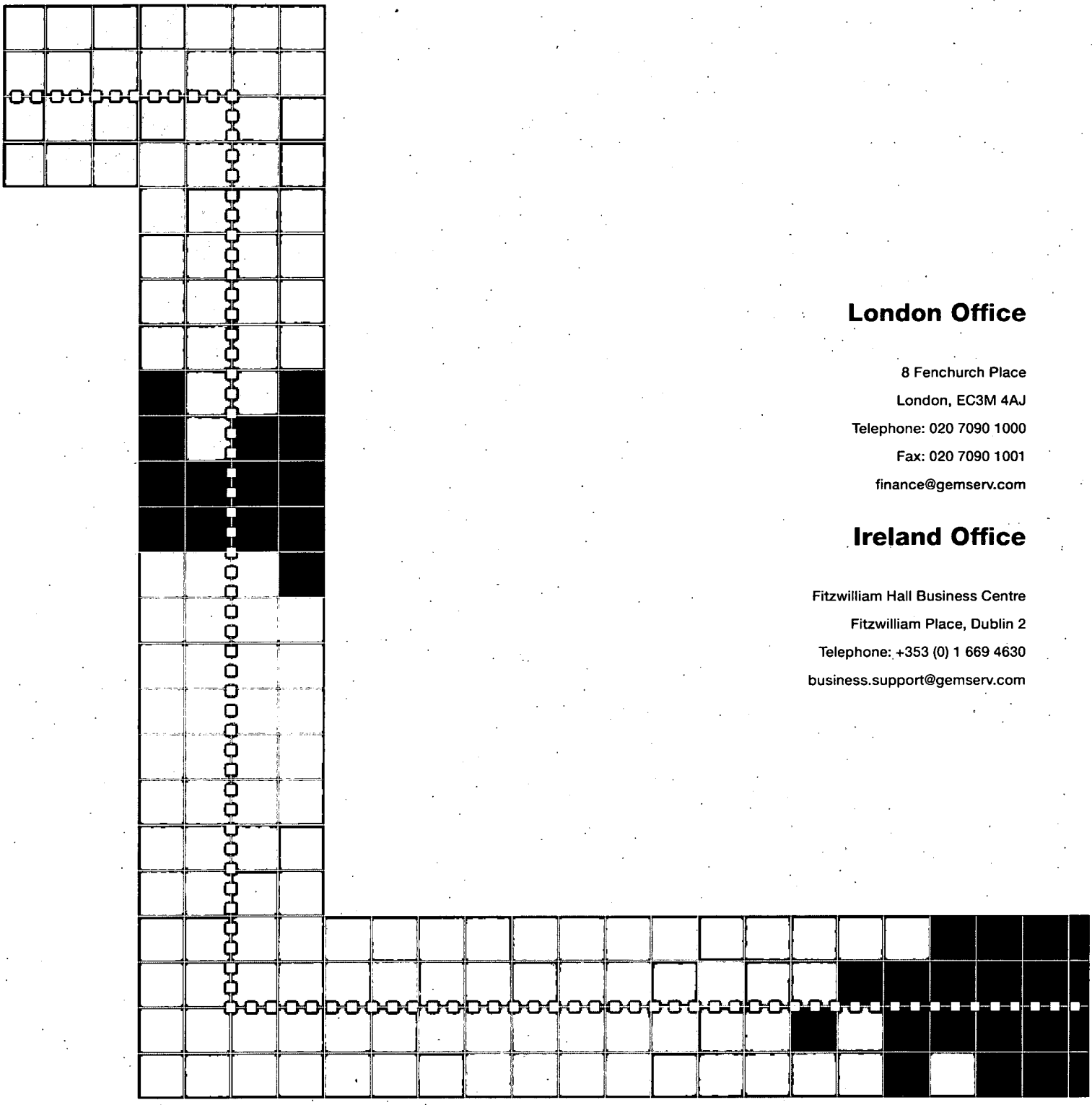
The Company's total commitments for non-cancellable rent obligation under operating lease for its premises is as follows:

	2017	2016
	£'000	£'000
Due within one year	569	345
Due within two to five years	2,278	2,278
Due after more than five years	1,222	1,791

The Company signed a 10 year lease on its current premises on 23rd May 2014 which included a rent free period of 27 months.

16. PENSION SCHEME

The Company operates defined contribution schemes. The charge for the year of £320k (2016: £328k) represents contributions payable to the schemes in respect of the year ended 31st March 2017.



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