
AGILISYS HOLDINGS LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**



AGILISYS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Charles Mindenhall Manoj Badale Andrew Mindenhall Andrew Court (resigned 28 June 2019) Ewan Stradling Thomas Drury Gabriel Pirona (appointed 1 July 2020)
Registered number	03789926
Registered office	Scale Space 2nd Floor Imperial College White City Campus 58 Wood Lane London W12 7RS
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 2020

The Chairman presents his statement for the period.

The Board is very pleased with the performance of the business this year, as the Company's continued strategy of evolution from an IT led managed services company to offering digital transformation solutions for the public sector gathers further momentum and is proving successful as the reported financial performance demonstrates. Again, this year Agilisys has achieved strong organic revenue growth through important new customer contract wins and existing customer contract extensions.

The demand for our digital propositions remains strong, particularly Cloud Migration, Workforce Productivity and increasingly in Customer Experience Management and Robotic Process Automation, which, coupled with 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 reporting a strong increase in revenue, reflecting the first months of implementation of the ten year partnership with the States of Guernsey to roll-out the Future Digital Services Programme, signed in November 2019, in addition to over 50 customer wins including major IT and cloud migration services contracts with North Lanarkshire Council and London Borough of Hillingdon.

During the year, our revenues benefited from particularly strong growth in the health sector with the cloud migration and managed service contract NHS BSA, as well as IT and automation services delivered to Alliance Medical, GHG and the Royal Marsden NHS Foundation Trust.

Agilisys is a people business with a strong culture built around our core values; Partnership, Innovation, Integrity and Passion. This has been proven by the fact that we are still able to attract talented, highly skilled individuals to our Company in what is a highly competitive market for digital skills, while operating our own Cloud Development programme to train and reskill individuals in the new technologies. The Board recognises the 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:

	2020	2019	% Change
Turnover - Managed Services	£132.4m	£114.1m	16.0%
– Consulting, transformation and digital platforms	£13.2m	£15.0m	-12.0%
Total Turnover	£145.6m	£129.1m	12.8%
Adjusted EBITDA*	£9.5m	£7.3m	30.1%
(Loss)/Profit before tax	£(55.7)m	£1.3m	-4384.6%
Profit before tax and exceptional items	£5.4m	£2.5m	116.0%
Net Cash in bank (exc. Revolving Credit Facility)	£12.4m	£9.3m	33.3%

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

AGILISYS HOLDINGS LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Revenue for the financial year amounted to £145.6m representing a 13% improvement compared to the prior year. The adjusted EBITDA increased by 30% to £9.5m over the reported period, as the profitable revenue growth is compounded by the cost efficiencies deriving from the increased scale.

Over the period, Agilisys incurred £61.0m (2019: £1.2m) of exceptional costs mainly as a result of the restructuring of the Group's Employee Ownership Trust, as described in note 12.

The Group's tax charge of £0.5m (2019: £0.1m) represents an effective tax rate of 8.9% (2019: 9.8%). The Group continues to benefit from R&D tax deductions arising from the investments made in our digital products, as well as lower tax rates on earnings from the States of Guernsey.

Cash flow from operating activities before taxation for the year totalled £7.3m (2019: £8.4m). Cash and cash equivalents increased by £6.1m to £15.4m against the prior year.

Our third party debt facility during the year was retained at £20m which is enhanced by an RCF facility of which £3m was utilised at the year-end.

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 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.

More specifically, we believe that our business model, array of propositions and delivery set up enables the company to positively mitigate the impact of the 2020 Covid-19 pandemic, while pursuing our growth strategy. Our employees have adapted effectively and efficiently to the challenging circumstances and demonstrated the resilience of the Company's operating model, enabling continued support to our clients in the delivery of critical services to the public sector.

As trading in the first half of the new financial year remained strong, we are confident that the Company will satisfactorily exceed its growth targets for the upcoming financial period.

In July 2020, the Company entered into new financing arrangements delivering substantial savings in our financing costs. This is detailed further in Note 31.

Name T Drury
Chairman

Date 7 October 2020

AGILISYS HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Group's Strategic Report for the year ended 31 March 2020 is set out below.

Business review

The Group Income Statement and Statement of Comprehensive Income is shown on page 16. The Group Statement of Financial Position is shown on page 17. A review of the Group's business performance for the year and future developments of the business is included within the Chairman's Statement.

During the year, the Group undertook a restructure which transferred ownership in the Group from the Employee Ownership Trust to an Employee Benefit Trust which now owns a 10% holding in a new Holding Company, Agilisys Group Holdings Limited, a company registered in England and Wales. To facilitate this, Agilisys Holdings Limited made gifts to the Employee Ownership Trust to allow it to repay its liabilities in full. The cost of these gifts is reflected in Exceptional Items and further details are provided in Note 12. This ensures that employees retain an interest in the Group with the opportunity to share in benefits that may arise in the future.

During the Covid-19 pandemic the Group has not been adversely affected, neither in its trading results nor its liquidity. Most of the Group's business is through long-term contracts with public sector bodies who have continued to deliver services to citizens. The Group has been able to meet its contractual obligations through the implementation of home-working. Customers have continued to pay their invoices on time and in accordance with contractual terms. The Group has taken opportunities to provide technology to customers to allow them to facilitate home-working and consequently the Group is trading ahead of budget to date in the year to 31 March 2021 and the Directors have no indications that this trend will not continue into the year to 31 March 2022. Please also refer to disclosure below, note 31 on post balance sheet events and note 22 which provides detail of the Group's re-financing post year-end which has reduced the Group's future borrowing costs.

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.

The Group has not been negatively impacted by the Covid-19 outbreak. Technology has been implemented to allow home-working for staff. The Group has also taken opportunities to assist our public sector customers to implement home-working so that they can continue to deliver services to their customers during the pandemic.

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 2020 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 service levels against productive agent hours.

AGILISYS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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;
- Liquidity risk – this is the risk that suitable funding for the Group's activities may not be available; and
- Foreign currency risk – risk that the Group 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 monthly. The Group's trade debtors and accrued income relate to long term contracts with long established customers in the public and private 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 India. The Group faces a small exposure to currency risk as it has limited overseas operations and does not deem it necessary to hedge the exposure.

Non-financial information

Environmental Matters

The Group is mindful of its responsibilities towards protecting the environment, it is committed to the protection of the environment and has policies, procedures and working practices designed to conform with ISO14001:2015, the internationally recognised standard for Environmental Management Systems. As a Group we have 4 main objectives:

- 1) Reduce business travel, in order to cut down on harmful emissions
- 2) Reduce email traffic, and especially the use of attachments, which has a significantly larger carbon footprint than the sharing of documents via MS Teams and One Drive etc
- 3) Ensuring that the procurement process considers the environmental impact of our supply chain
- 4) Reduce the generation of waste

Our UK Greenhouse gas emissions and energy use data is provided in the Directors' report.

Engagement With Customers

In delivering its services to our customers, the Group aims to produce positive social outcomes to the communities served by our customers. The Group's digital solutions allow customers to deliver their services more efficiently, empower their staff and improve citizen experience by making services available to them when they need them most.

Respect for Human Rights

The Group's values of passion, partnership, innovation and integrity are fundamental in developing a culture that respects human rights and promotes equality regardless of race, gender, disability or sexual orientation.

AGILISYS HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Gender Pay Gap

The industry the Group operates in is overwhelmingly male dominated, taking steps to close the gender pay gap is very important. This can only be achieved by addressing the gender imbalance and this continues to be one of our priorities in 2021. We have several planned initiatives to ensure that we continually reduce the gap including, establishing our Diversity and Inclusion steering group, introduced career pathways to ensure the route to senior roles is clear and transparent and we are a signatory of the Tech Talent Charter, which means that we have made a number of pledges in relation to our approach to recruitment and retention. We are aiming to deliver greater gender diversity in the tech workforce of the UK to one that better reflects the make up of the communities we work in. The Group's Gender Gap Pay Report can be found on its web-site www.agilisys.co.uk.

Anti-bribery and Corruption Matters

The Group has a zero-tolerance approach to bribery and corruption. Corruption and bribery risks are managed by the board with controls in place to prevent conflicts of interest, disclosure of gifts and entertainment and training for employees on bribery risks.

Engagement with Stakeholders

The Group's engagement with its stakeholders is described in the Directors' Report.

The Board monitors this non-financial information through monthly board meetings and regular review of its policies on these matters. The pursuance of these policies provide the Group with positive outcomes which help to create an environment to secure future prosperity for its stakeholders.

Section 172 Statement

Under Section 172 of the Companies Act 2006, the Directors have a duty to promote the success of the Company of the long term for the benefit of shareholders as a whole, having regard to a range of other key stakeholders and interests. During the year ended 31 March 2020, the Directors have acted in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of the members as a whole, and in doing so have had regard to:

- the likely consequences of any decisions in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company

In particular, in developing our long-term plans, we considered the long-term impact of investment and other spending decisions on the company's future results, the interests of employees and other stakeholders. Our strategy is to be the number 1 digital services partner for UK public service providers and for the communities that rely on them.

This report was approved by the board on 7 October 2020 and signed on its behalf.



A P Mindenhall
Director

AGILISYS HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Directors present their report and the audited financial statements for the year ended 31 March 2020.

Directors' responsibilities statement

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

Company law requires the Directors to prepare audited 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 audited financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and to enable them to ensure that the audited financial statements comply with the Companies Act 2006.

The Directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Results and dividends

The loss for the year, after taxation and minority interests, amounted to £56,146,000 (2019: profit £1,161,000).

No dividends were proposed or paid during the financial year (2019: £nil). There are no plans for a final dividend.

AGILISYS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Directors

The Directors of the Company who served during the year and up to the date of signing the financial statements were:

Charles Mindenhall
Manoj Badale
Andrew Mindenhall
Andrew Court (resigned 28 June 2019)
Ewan Stradling
Thomas Drury
Gabriel Pirona (appointed 1 July 2020)

Political and charitable contributions

The Group has not made any political or charitable donations in this financial year (2019: £nil)

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 have assessed the working capital needs of the business for the next 12 months from the date of signing the financial statements including sensitivity analysis on a severe but plausible downside scenario basis and they have concluded that the Group has no issues in relation to going concern. In considering the severe but plausible downside scenario, the Directors forecasted a position with a revenue shortfall of 14% against budget for the year to 31 March 2021 and a £5 million default by trade debtors. On the basis that most of the Group's revenue comes from long term contracts with public sector bodies, this severe but plausible scenario is highly unlikely, and the Group would still be a going concern. Since the year-end, the Group is trading ahead of budget and well in excess of this scenario.

In the short-term, the Group has taken advantage of short-term Government initiatives in relation to Covid-19 including VAT deferral and furlough of 1.4% of the Group's total staff numbers. The vast majority of staff were retained to meet the Group's contractual obligations. At the date of signing this Annual Report, 0.8% of total Group staff have returned to work with 0.3% made redundant and 0.1% expected to return to work at the end of the furlough scheme at the end of October 2020. The Group has sufficient financial resources to repay all taxes which have been deferred.

Given this assessment, the Directors 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.

AGILISYS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Engagement with employees

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

Consultation with employees has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Group as a whole. Communication with all employees continues through the Group intranet, newsletters, monthly meetings and webcasts. Employees are encouraged directly through a detailed performance review and objective setting process, and through training and development opportunities. Training and development still continued during the lockdown period as most of our training modules are conducted online and managers were encouraged to hold frequent video calls with employees to check in on their mental well being and to offer support where required.

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 2020

Engagement with stakeholders

Agilisys' goal is to be the technology and transformation partner for public services. The partnerships we create make a positive difference to the communities we are part of, the customers we serve, the people we invest in, and those who invest in us. We measure this through the eyes of our stakeholders. We define our stakeholders as our customers with whom we partner, our employee owners, our shareholders and Board and those who provide goods and services to us.

To partner effectively with these stakeholder groups it is crucial that we understand their different needs and expectations.

Statement of commitment

As a responsible business we are committed to:

- Engaging our stakeholder groups to develop and maintain positive, productive relationships
- Ensuring key stakeholders are well informed and have access to information about our business and our activities
- Involving our stakeholders in identifying issues which are material to our business
- Implementing initiatives and programmes that contribute to improved social value

Our objectives for engaging our stakeholders

As a responsible business we are committed to:

- Collaborating with stakeholders to identify emerging trends and develop solutions to future challenges
- Ensuring that our activities meet our stakeholders' needs
- Identifying material issues in a collaborative way to create value for our business and our stakeholders
- Assessing and creating opportunities to add social value to our partners and partnerships

How we engage

Our engagement approach allows us to identify and prioritise material issues with every appropriate stakeholder. Ongoing engagement is achieved through a number of different channels. These include:

Employees

Ensuring that our business is a great place to work, with a flexible, skilled, diverse, motivated and engaged workforce, are key priorities for Agilisys.

We use a variety of methods to regularly engage our staff, ranging from bi-annual engagement surveys, weekly communications on subjects such as diversity, inclusion, health and safety and wellbeing to all employees and individual business unit engagement led by the HR team.

Two way engagement is delivered through our Trade Union representatives and EBT Employee Representative group which meets regularly and provides the opportunity to share information with our people and discuss and resolve workforce issues and innovations. This is supplemented by quarterly, CEO-led, all staff meetings and weekly wider leadership team briefings.

Suppliers

Agilisys has a number of important relationships with our suppliers and bankers. These relationships are managed by key managers and directors of the individual business units.

An internal supplier management and review process ensures that we have visibility of any issues and concerns related to, or that will affect our partners and suppliers and is the forum through which decisions are made on what communications and stakeholder engagement is appropriate.

AGILISYS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Customers

Agilisys relationship with our customers is key to our business' success and growth. We continually engage with our customer stakeholders, both directly on our partnership boards and related operational meetings where we evidence service through KPI's and metrics, but also through customer satisfaction surveys and requesting continuous feedback on our relationships. Each business unit has responsibility for managing the relationships with its clients, with members of our Senior Leadership Team taking personal responsibility for relationships with our strategic partners and customers.

Shareholders, Investors and Board

Agilisys benefits from the backing of supportive and committed long-term shareholders and Board members who share the company's vision for growth.

Engagement takes place regularly, including formal bi-monthly board meetings, sub-board meetings, regular informal business updates and a monthly board report along with statutory accounting requirements, statements and reports. Additionally, the shareholders make their subject matter experts available to Management for support in technical areas such as tax.

AGILISYS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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.

Gender pay gap

In an industry that is overwhelmingly male dominated, taking steps to close the gender pay gap is very important to us. This can only be achieved by addressing the gender imbalance and this continues to be one of our priorities in 2020. In spite of a clear mandate over the last 2 years, we have not managed to achieve this. We continue to have pay disparity within our business, and we continue to face challenges in attracting women into senior roles.

There remains some rationale for this as many of our employees transferred into Agilisys from other organisations. We deliver 2 outsourced services: IT and Customer Services which in themselves have a gender imbalance. However, this does not mean that we are satisfied with the figures and we must continue to take action to improve them in the long term.

While we are aware that a gender pay gap still exists, we have several planned initiatives to ensure we continually reduce the gap including:

- we established our Diversity and Inclusion steering group
- we have increased our female apprentices by 50% in the last year. We know that bringing in lower paid employees will potentially increase the gender pay gap however, developing women into STEM careers will ensure that we are supporting more women to enter our profession
- we have introduced career pathways to ensure the route to senior roles is clear and transparent. This will take some time to work through, but has been a significant piece of work within our organisation
- we are a signatory of the Tech Talent Charter, which means that we have made a number of pledges in relation to our approach to recruitment and retention. We are aiming to deliver greater diversity in the tech workforce of the UK to one that better reflects the make-up of the communities we work in.

The Group's Gender Pay Gap Report can be found on the Group's web-site www.agilisys.co.uk.

AGILISYS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the year ended 31 March 2020 *

Energy consumption used to calculate emissions (kWh)	1,600,692
Scope 1 (direct) emissions in metric tonnes CO₂e	
Gas consumption	N/A
Transport - class II petrol vans	1.87
Transport - class III diesel vans	67.16
Total Scope 1	69.03
Scope 2 (energy indirect) emissions in metric tonnes CO₂e	
Office electricity consumption	192.24
Scope 3 (other indirect) emissions in metric tonnes CO₂e	
Business travel in employee owned vehicles	124.82
Total gross emissions in metric tonnes CO ₂ e	386.08
Intensity ratio Tonnes CO ₂ e per FTEE	0.38

*** Quantification and reporting methodology**

We have followed the 2019 HM Government Environmental Reporting Guidelines and used the UK Government GHG Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per full time equivalent employee (FTEE), a recommended ratio for all sectors.

Measures taken to improve energy efficiency

- We have installed an Environmental Management System (ISO14001:2015) to monitor and improve our environmental performance.
- We have increased videoconferencing technology for staff meetings and are encouraging staff to work from home wherever possible to reduce the need for travel.
- We have also installed LED lighting and PIR sensors in some offices.

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

AGILISYS HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Post balance sheet events

Since the year end, the Group has been dealing with the Covid-19 pandemic and the uncertainties that it has caused in economic outlook. The Group has taken advantage of some of the Government initiatives that were introduced as a result of the pandemic which included the Coronavirus Job Retention Scheme, where approximately 1.4% of the workforce were furloughed and VAT payments due between March 2020 and June 2020 were deferred until March 2021.

In April 2020, the Group drew down an additional £2.0m from its Rolling Credit Facility to ensure it had sufficient liquidity to pay its suppliers. This was repaid in July 2020 when the Group completed a re-financing exercise which has significantly reduced the Group's cost of borrowing. This re-financing exercise was planned prior to the Covid-19 pandemic and was not required as a result of any negative impact on the business as a result of the effects of the pandemic. Further details on the re-financing is provided in note 22.

The impact of Covid-19 has no material impact on the Group's critical estimates and judgements disclosed in the accounting policies in relation to the year ended 31 March 2020.

After the reporting date on 31 March 2020, there were no other events of special significance which may have a material effect on the financial position and performance of the Group other than those described in Note 31.

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 7 October 2020 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 2020 and of the Group's loss 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 2020; 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- 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.

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.

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.

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.

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

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 2020 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, 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

7 October 2020

AGILISYS HOLDINGS LIMITED

**GROUP INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £000	2019 £000
Turnover	4	145,539	129,056
Cost of sales		(127,269)	(114,367)
Gross profit		18,270	14,689
Administrative expenses		(10,858)	(9,365)
Exceptional items	12	(61,037)	(1,169)
Operating (loss)/profit	5	(53,625)	4,155
Interest receivable and similar income	9	47	16
Interest payable and similar expenses	10	(2,083)	(2,870)
(Loss)/profit before taxation		(55,661)	1,301
Tax on (loss)/profit	11	(483)	(128)
(Loss)/profit for the financial year		(56,144)	1,173
Currency translation differences		(132)	13
Other comprehensive (expense) / income for the year		(132)	13
Total comprehensive (expense) / income for the year		(56,276)	1,186
(Loss) / profit for the year attributable to:			
Non-controlling interests		2	12
Owners of the Parent Company		(56,146)	1,161
		(56,144)	1,173
Total comprehensive (expense) / income for the year attributable to:			
Non-controlling interest		2	12
Owners of the Parent Company		(56,278)	1,174
		(56,276)	1,186

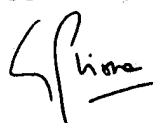
The notes on pages 26 to 57 form part of these financial statements.

AGILISYS HOLDINGS LIMITED
REGISTERED NUMBER: 03789926

GROUP STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	14	2,688	2,760
Tangible assets	15	1,764	2,172
		<u>4,452</u>	<u>4,932</u>
Current assets			
Stocks	17	53	40
Debtors: amounts falling due within one year	18	64,192	125,743
Cash at bank and in hand	19	15,434	9,328
		<u>79,679</u>	<u>135,111</u>
Creditors: amounts falling due within one year	20	(48,485)	(50,957)
Net current assets		<u>31,194</u>	<u>84,154</u>
Total assets less current liabilities		<u>35,646</u>	<u>89,086</u>
Creditors: amounts falling due after more than one year	21	(23,545)	(20,709)
Net assets		<u>12,101</u>	<u>68,377</u>
Capital and reserves			
Called up share capital	25	240	240
Share premium account		35,129	35,129
Other reserves		49	49
(Accumulated losses) / Retained earnings		(23,748)	32,530
Total equity attributable to owners of the Parent Company		<u>11,670</u>	<u>67,948</u>
Non-controlling interests		431	429
Total equity		<u>12,101</u>	<u>68,377</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 October 2020.



Gabriel Pirone
 Director

The notes on pages 26 to 57 form part of these financial statements.

AGILISYS HOLDINGS LIMITED
REGISTERED NUMBER: 03789926

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £000	2019 £000
Fixed assets			
Investments	16	37,934	32,674
		<u>37,934</u>	<u>32,674</u>
Current assets			
Debtors: amounts falling due within one year	18	-	27,951
Cash at bank and in hand	19	121	16
		<u>121</u>	<u>27,967</u>
Creditors: amounts falling due within one year	20	(31,410)	(865)
Net current (liabilities)/assets		<u>(31,289)</u>	<u>27,102</u>
Total assets less current liabilities		<u>6,645</u>	<u>59,776</u>
Creditors: amounts falling due after more than one year	21	(22,756)	(19,469)
Net (liabilities)/assets		<u>(16,111)</u>	<u>40,307</u>
Capital and reserves			
Called up share capital	25	240	240
Share premium account		35,129	35,129
Revaluation reserve		10,154	4,894
Other reserves		49	49
Accumulated losses		(61,683)	(5)
Total equity		<u>(16,111)</u>	<u>40,307</u>

AGILISYS HOLDINGS LIMITED
REGISTERED NUMBER: 03789926

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 October 2020.

Gabriel Pirona
Director



The notes on pages 26 to 57 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 £61,635,000 (2019: loss £3,272,000).

AGILISYS HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Called up share capital £000	Share premium account £000	Other reserves £000	Retained earnings / (Accumulated losses) £000	Equity attributable to owners of parent £000	Non- controlling interests £000	Total equity £000
At 1 April 2019	240	35,129	49	32,530	67,948	429	68,377
Comprehensive (expense) / income for the year (Loss) / Profit for the financial year	-	-	-	(56,146)	(56,146)	2	(56,144)
Currency translation differences	-	-	-	(132)	(132)	-	(132)
Total comprehensive (expense) / income for the year	-	-	-	(56,278)	(56,278)	2	(56,276)
At 31 March 2020	240	35,129	49	(23,748)	11,670	431	12,101

The notes on pages 26 to 57 form part of these financial statements.

AGILISYS HOLDINGS LIMITED

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

	Called up share capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Equity attributable to owners of parent £000	Non- controlling interests £000	Total equity £000
At 1 April 2018 (as restated)	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
At 31 March 2019	240	35,129	49	32,530	67,948	429	68,377

The notes on pages 26 to 57 form part of these financial statements.

AGILISYS HOLDINGS LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Other reserves £000	Accumulated losses £000	Total equity £000
At 1 April 2019	240	35,129	4,894	49	(5)	40,307
Comprehensive expense for the year						
Loss for the financial year	-	-	-	-	(61,635)	(61,635)
Currency translation differences	-	-	-	-	(43)	(43)
Impairment of investments in subsidiary undertakings	-	-	5,260	-	-	5,260
Other comprehensive expense for the year	-	-	5,260	-	(43)	5,217
Total comprehensive expense for the year	-	-	5,260	-	(61,678)	(56,418)
At 31 March 2020	240	35,129	10,154	49	(61,683)	(16,111)

The notes on pages 26 to 57 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 £000	Share premium account £000	Revaluation reserve £000	Other reserves £000	Retained earnings/(Acc umulated los ses) £000	Total equity £000
At 1 April 2018 (as restated)	240	35,129	874	49	3,274	39,566
Comprehensive expense for the year						
Loss for 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/ (expense) 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 26 to 57 form part of these financial statements.

AGILISYS HOLDINGS LIMITED

**GROUP STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	2020	2019
	£000	£000
Cash flows from operating activities		
(Loss)/profit for the financial year	(56,144)	1,173
Adjustments for:		
Amortisation of intangible assets	1,021	761
Depreciation of tangible assets	1,082	1,172
Interest and other finance costs	2,083	3,157
Interest received	47	(16)
Taxation charge	483	128
(Increase)/decrease in stocks	(13)	5
Decrease/(increase) in debtors	4,836	(63)
Decrease in amounts owed by groups	25,854	3,001
Decrease in creditors	(2,290)	(235)
Increase in amounts owed to groups	30,776	-
Corporation tax (paid)	(391)	(612)
Net cash generated from operating activities	7,344	8,471
Cash flows from investing activities		
Purchase of intangible fixed assets	(950)	(2,317)
Purchase of tangible fixed assets	(677)	(79)
Interest received	47	16
Net cash used in investing activities	(1,580)	(2,380)
Cash flows from financing activities		
New secured loans	3,287	-
Repayment of other loans	-	(10,000)
Repayment of operating leases	(451)	(113)
Interest paid	(2,362)	(2,958)
Net cash from / (used in) financing activities	474	(13,071)
Net increase/(decrease) in cash and cash equivalents	6,238	(6,980)
Cash and cash equivalents at beginning of year	9,328	16,320
Foreign exchange gains and losses	(132)	(12)
Cash and cash equivalents at the end of year	15,434	9,328

AGILISYS HOLDINGS LIMITED

**GROUP STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

	2020	2019
	£000	£000
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	15,434	9,328

The notes on pages 26 to 57 form part of these financial statements.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 and overseas.

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is Scale Space, 2nd Floor, Imperial College White City Campus, 58 Wood Lane, London, W12 7RS.

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).

The Company has taken advantage of the exemption in Section 408 of the Companies Act from disclosing its individual profit and loss account. The Company has also taken advantage of related party exemptions and has not disclosed transactions with wholly owned subsidiaries.

The below 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.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 have assessed the working capital needs of the business for the next 12 months from the date of signing the financial statements including sensitivity analysis on a worst case scenario basis and they have concluded that the Group has no issues in relation to going concern. In considering the worst case scenario, the Directors forecasted a position with a revenue shortfall of 14% against budget for the year to 31 March 2021 and a £5 million default by trade debtors. On the basis that most of the Group's revenue comes from long-term contracts with public sector bodies, this severe but plausible scenario is highly unlikely, and the Group would still be a going concern. Since the year-end, the Group is trading ahead of budget and well in excess of this scenario.

In the short-term, the Group has taken advantage of short-term Government initiatives in relation to Covid-19 including VAT deferral and furlough of 1.4% of the Group's total staff numbers. The vast majority of staff were retained to meet the Group's contractual obligations. At the date of signing this Annual Report, 0.8% of total Group staff have returned to work with 0.3% made redundant and 0.1% expected to return to work at the end of the furlough scheme at the end of October 2020. The Group has sufficient financial resources to repay all taxes which have been deferred.

Given this assessment, the Directors 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.

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Group and Company's functional and presentational currency is Sterling and denominated in £'000.

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'.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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:

Consulting, Transformation and Platform

Revenue from Consulting, Transformation and Platform is recognised when all of the following conditions are satisfied:

- the Group has transferred the 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 where goods are sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction or contract;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- the stage of completion of a contract at the end of the reporting period can be measured reliably;
- and
- the costs incurred and the costs to complete a contract can be measured reliably.

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.

Managed Services

Revenue from a contract to provide managed services is recognised in the period in which the services are provided.

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.

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.

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.

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

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 profit or loss 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 profit or loss using the effective interest method.

2.9 Interest payable and similar expenses

Finance costs are charged to profit or loss 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 profit or loss in the period in which they are incurred.

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 profit or loss 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.

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

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 profit or loss 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 profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.13 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 (see note 12).

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.15 Intangible assets

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

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 2020

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 profit or loss.

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 (CGU's). 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 2020

2. Accounting policies (continued)

2.19 Stocks

Stocks of computer equipment 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. The Group's banking agreement allows offset between bank balances and overdrafts.

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 2020**

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

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

(Accumulated losses)/Retained earnings

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

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.27 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. As per sections 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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 2.16 for the useful economic lives for each class of asset.

(ii) Impairment of intangible assets (note 14)

The Group considers whether intangible 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.

(iii) Capitalisation of development costs (note 14)

Capitalisation of software development costs as intangible assets is based on management's judgement that technological and economical feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the assets and the expected period of benefits. Amounts capitalised are written off on a straight line basis over the expected period of benefits.

(iv) Deferred tax asset

Deferred tax assets are recognised based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. Management judgement is required concerning uncertainties that exist with respect to the timing of future taxable income required to recognise a deferred tax asset. In making this judgement, the Group assesses forecasts and the availability of future tax planning strategies.

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

4. Turnover

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

	2020	2019
	£000	£000
Managed Services	132,372	114,101
Consulting, transformation and platforms	13,167	14,955
	145,539	129,056

	2020	2019
	£000	£000
United Kingdom	129,988	129,056
Rest of Europe	15,551	-
	145,539	129,056

5. Operating (loss)/profit

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

	2020	2019
	£000	£000
Depreciation of tangible assets	1,082	1,172
Amortisation of intangible assets, including goodwill	1,021	761
Operating lease rentals	777	971
Defined contribution pension cost	5,386	4,547

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

6. Auditors' remuneration

	2020	2019
	£000	£000
Fees payable to the Group's auditors and their associates for the audit of the Group's financial statements	60	45
	60	45
Fees payable to the Group's auditors and their associates in respect of:		
The auditing of financial statements of associates of the Group pursuant to legislation	110	102
Non audit fees	148	3
	318	150
Total fees	318	150

7. Employees

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

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>2019</i>	2020	<i>2019</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Wages and salaries	49,280	44,956	-	-
Social security costs	5,068	4,544	-	-
Other pension costs	5,386	4,547	-	-
	59,734	54,047	-	-
	59,734	<i>54,047</i>	-	-

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

	2020	2019
	No.	No.
Sales, marketing, research and development and fulfilment	1,292	1,262
Administration and support	84	65
	1,376	1,327
	1,376	1,327

The Company has no employees other than the Directors, who did not receive any remuneration (2019 - £NIL)

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. Directors' remuneration

The highest paid director received aggregate emoluments of £347,000 (2019 - £310,000). This amount includes pension contributions of £6,000 (2019 - £25,000).

9. Interest receivable and similar income

	2020 £000	2019 £000
Bank interest receivable	47	16
	47	16
	47	16

10. Interest payable and similar expenses

	2020 £000	2019 £000
Bank interest payable	2,309	2,958
Gain on derivative financial instrument	(226)	(88)
	2,083	2,870
	2,083	2,870

11. Tax on (loss) / profit

	2020 £000	2019 £000
Corporation tax		
Current tax on loss / profits for the year	597	(8)
Adjustments in respect of prior periods	(41)	(26)
	556	(34)
	556	(34)
Deferred tax		
Origination and reversal of timing differences	(88)	169
Adjustments in respect of prior periods	15	(7)
	(73)	162
	(73)	162
Tax on (loss) / profit	483	128

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Tax on (loss) / profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2019 - *lower than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £000	2019 £000
(Loss) / Profit on ordinary activities before tax	<u>(55,661)</u>	<u>1,301</u>
(Loss) / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	(10,576)	247
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	11,740	55
Utilisation of tax losses	(5)	(3)
(Lower) rate taxes on overseas earnings	(629)	-
Adjustments in respect of prior periods	(26)	(42)
Short term timing difference leading to an increase in taxation	(9)	-
Tax deduction arising from relief on software development costs	(19)	(127)
Tax deduction arising from share options exercised during the year	7	(2)
Total tax charge for the year	<u>483</u>	<u>128</u>

Factors that may affect future tax charges

The tax rate for the current year is the same as the prior year, due to changes in the UK Corporation tax rate, which decreased from 20% to 19% from 1 April 2017. In the Spring Budget 2020, the Government announced that from 1 April 2020 the Corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 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 2020**

12. Exceptional items

	2020	2019
	£000	£000
Advisory, professional services and other costs	535	509
Group restructure	60,106	-
Other restructuring, refinancing and loan costs	396	660
	<u>61,037</u>	<u>1,169</u>

Included in other restructuring, refinancing and loan costs are costs of restructuring certain business activities of £101,000 (2019 - £Nil), a loan write-off of £125,000 (2019 £Nil) and re-financing costs of £170,000 (2019 - £660,000). Exceptional costs directly relating to advisory and professional fees of £535,000 (2019 - £509,000) were incurred in the year. The company also incurred exceptional corporate group restructuring costs of £60,106,000 (2019 - £Nil) which includes the costs of gifts made to the Group's Employee Benefit Trust.

The gifts made to the Employee Benefit Trust were in relation to the Group's Employee Ownership Trust, which was established in 2015. During the year, the Group undertook a restructure which created a new ultimate parent company, Agilisys Group Holdings Limited, registered in England and Wales. As part of this restructure, the Employee Ownership Trust disposed of its shareholding and was left with outstanding debts. The Group made the above gifts to the Trust to enable it to repay these liabilities in full. Following the restructure, a new Employee Benefit Trust was established by the new parent company, to hold 10% of the group for the benefit of the employees, on the same principles as the Employee Ownership Trust and unencumbered by any debt as it was deemed this was a more effective way to incentivise and reward the Group's staff.

13. Parent company (loss) 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 £61,635,000 (2019 - loss £3,272,000).

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

14. Intangible assets

Group

	Licences £000	Software develop- ment £000	Prepaid contract costs £000	Goodwill £000	Total £000
Cost					
At 1 April 2019	2,149	10,788	1,053	213	14,203
Additions	-	225	725	-	950
At 31 March 2020	<u>2,149</u>	<u>11,013</u>	<u>1,778</u>	<u>213</u>	<u>15,153</u>
Accumulated amortisation					
At 1 April 2019	1,648	9,360	222	213	11,443
Charge for year	-	930	91	-	1,021
At 31 March 2020	<u>1,648</u>	<u>10,290</u>	<u>313</u>	<u>213</u>	<u>12,464</u>
Net book value					
At 31 March 2020	<u>501</u>	<u>723</u>	<u>1,465</u>	<u>-</u>	<u>2,689</u>
At 31 March 2019	<u>500</u>	<u>1,428</u>	<u>831</u>	<u>-</u>	<u>2,759</u>

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

15. Tangible assets

Group

	Office equipment £000	Computer equipment £000	Leasehold improve- ments £000	Total £000
Cost or valuation				
At 1 April 2019	1,581	13,210	1,990	16,781
Additions	472	205	-	677
At 31 March 2020	<u>2,053</u>	<u>13,415</u>	<u>1,990</u>	<u>17,458</u>
Accumulated depreciation				
At 1 April 2019	1,528	11,094	1,990	14,612
Charge for the year	96	986	-	1,082
At 31 March 2020	<u>1,624</u>	<u>12,080</u>	<u>1,990</u>	<u>15,694</u>
Net book value				
At 31 March 2020	<u>429</u>	<u>1,335</u>	<u>-</u>	<u>1,764</u>
At 31 March 2019	<u>53</u>	<u>2,116</u>	<u>-</u>	<u>2,169</u>

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

16. Investments

Company

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2019	32,674
Revaluations	5,260
At 31 March 2020	37,934

The revaluation of £5,260,000 represents the net increase in the year of the Company's share of net assets of its subsidiaries.

17. Stocks

	Group 2020 £000	Group 2019 £000
Computer equipment	53	40
	53	40

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

18. Debtors amounts falling due within one year

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Trade debtors	6,857	8,997	-	-
Amounts owed by group undertakings	42,017	98,646	-	27,952
Deferred taxation	664	591	-	-
Prepayments and accrued income	14,427	17,121	-	(1)
Corporation Tax	227	388	-	-
	<u>64,192</u>	<u>125,743</u>	<u>-</u>	<u>27,951</u>

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 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Cash at bank and in hand	15,434	9,328	121	16
	<u>15,434</u>	<u>9,328</u>	<u>121</u>	<u>16</u>

20. Creditors: Amounts falling due within one year

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Trade creditors	5,977	6,206	-	-
Amounts owed to group undertakings	-	-	30,663	-
Taxation and social security	6,142	5,211	-	-
Obligations under finance lease and hire purchase contracts	451	452	-	-
Other creditors	699	2,016	-	-
Interest rate swap	188	414	188	414
Accruals and deferred income	35,028	36,658	559	451
	<u>48,485</u>	<u>50,957</u>	<u>31,410</u>	<u>865</u>

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

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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

	Group 2020 £000	<i>Group 2019 £000</i>	Company 2020 £000	<i>Company 2019 £000</i>
Bank loans and overdrafts	22,756	19,469	22,756	19,469
Net obligations under finance leases and hire purchase contracts	789	1,240	-	-
	<u>23,545</u>	<u>20,709</u>	<u>22,756</u>	<u>19,469</u>

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

22. Loans

Analysis of the maturity of loans is given below:

The loans outstanding are set out below:

	Group 2020 £000	Group 2019 £000	Company 2020 £000	Company 2019 £000
Amounts falling due within 3 years				
Bank loans	22,756	19,469	22,756	19,469
	<u>22,756</u>	<u>19,469</u>	<u>22,756</u>	<u>19,469</u>

Unitranche loan

At 31 March 2020, the Group's financing facilities included a Unitranche loan of £20,000,000. The loan was for a 6 year term and was repayable in full on its termination date. Interest accrued on the loan on a monthly basis at LIBOR plus 7.5%. The loan was secured by a charge over the Group's trading subsidiaries.

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

In July 2020, the Unitranche loan was repaid in full and replaced with a term loan of £20,000,000 repayable over 3 years at a fixed rate of 4.0%.

Revolver loan

At 31st March 2020, the Group's financial facilities also included a revolving credit facility of £9,000,000 to cover working capital and liquidity commitments. Interest was charged at LIBOR plus 3.5%. At 31st March 2020, the balance drawn on the revolving credit facility amounted to £3,000,000.

In April 2020, the Group drew down an additional £2,000,000 of the Revolver Loan so that the total amount drawn was £5,000,000. This was to ensure that there was sufficient working capital should there be an adverse impact as a result of the Covid-19 pandemic. This was repaid in July 2020 prior to the re-financing of the Group's borrowing facilities.

As part of the re-financing exercise in July 2020 the revolving credit facility has been reduced to £5,000,000.

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

23. Financial instruments

	Group 2020 £000	Company 2020 £000	Group 2019 £000	Company 2019 £000
Financial liabilities measured at amortised cost				
Bank loan and overdrafts	(22,756)	(22,756)	(19,469)	(19,469)
Operating leases	(1,240)	-	(1,692)	-
Trade creditors	(5,977)	-	(6,206)	-
Accruals and deferred income	(35,027)	(562)	(36,658)	(451)
Other creditors	(699)	-	(2,016)	-
	<u>(65,699)</u>	<u>(23,318)</u>	<u>(66,041)</u>	<u>(19,920)</u>

	Group 2020 £000	Company 2020 £000	Group 2019 £000	Company 2019 £000
Financial liabilities measured at fair value through profit or loss				
Interest rate swap	(188)	(188)	(414)	(414)
	<u>(188)</u>	<u>(188)</u>	<u>(414)</u>	<u>(414)</u>

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

24. Deferred taxation

Group

	2020 £000
At beginning of year	591
Credited to profit or loss	73
At end of year	664

The deferred tax asset is made up as follows:

	Group 2020 £000	Group 2019 £000
Accelerated capital allowances	320	163
Tax losses carried forward	172	216
Other timing differences	172	212
	664	591

Company

The Company has not recognised a deferred tax asset in the current or prior year and has an unrecognised deferred tax asset of £664,000 (2019: £591,000). 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

	2020 £000	2019 £000
Allotted, called up and fully paid		
96,019,423 (2019 - 96,019,423) Ordinary 'A' shares of £0.0025 each	240	240

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

26. Share based payments

Share based payment charge

The charge to profit and loss for the year was £nil (2019: £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 2020, there were 4,926,550 (2019: 5,370,046) 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.

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

	Weighted average exercise price (pence) 2020	Number 2020	<i>Weighted average exercise price (pence) 2019</i>	<i>Number 2019</i>
Outstanding at the beginning of the year	81	5,370,046	80	5,695,046
Cancelled during the year		-	120	(50,000)
Exercised during the year		-		-
Expired during the year	97	(443,496)	76	(275,000)
Outstanding at the end of the year	79	4,926,550	81	5,370,046

	2020	2019
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 2020**

27. Contingent liabilities

Group

The Group has provided through the normal course of business performance bonds and guarantees of £1,047,000 (2019 - £541,000). 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 £1,047,000 (2019 - £541,000). The Company does not expect any material financial loss to arise from the performance bonds and guarantees.

28. 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 £5,386,000 (2019: £4,547,000). The amount outstanding at year end was £446,000 (2019: £452,000).

29. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2020 £000	Group 2019 £000
Not later than 1 year	756	822
Later than 1 year and not later than 5 years	1,314	957
Later than 5 years	1,033	-
	<u>3,103</u>	<u>1,779</u>

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

30. 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 2020 Turnover/(Costs) £'000	Amounts due from/(to) as at 31 March 2020 £'000	Year ended 31 March 2019 Turnover/(Costs) £'000	Amounts due from/(to) as at 31 March 2019 £'000
Accelerate Business Networking Limited	3	IT and Consulting Services	1	-	-	-
Accelerate Digital Limited	3	IT Services	(36)	-	(11)	(10)
Accelerate Places Limited (Formerly BC Hammersmith Property Mgmt Ltd)	3	Property Services	480	394	734	174
Accelerate People Ltd	3	Consulting Services	(130)	-	-	-
Accelerate Growth Ltd	3	Consulting Services	(22)	-	-	-
Accelerate Talent Ltd	3	Recruitment Services	(29)	(8)	-	-
Accelerate Technology Limited	3	IT Services	-	-	(17)	(4)
Avado Learning Limited	3	Education provider	16	2	-	-
BC Arch Ltd	3	Apprentices provider	9	(9)	(1)	-
BC Foxtrot Limited	5	IT Equipment provider	(102)	1	(168)	10
BC Hammersmith Property Ltd	3	Property Services	(1,601)	-	(1,281)	(320)
BC Music Media Ltd	1	IT Services	2	-	-	-
BCI Management Services Ltd	6	Consulting Services	12	1	-	-
Bienheim Chalcot LTF Ltd	3	IT and Consulting Services	(111)	23	315	2
Bienheim Chalcot Mangement Ltd	3	Consulting Services	2	3	(20)	-
BMS Finance AB Ltd	3	IT and Consulting Services	23	2	32	5
Hive Learning Ltd	1	Education provider	13	1	-	-
Contentive Digital Engagement	3	IT and Consulting Services	10	-	(75)	-
Foshpa Limited	1	IT Services	(24)	4	(45)	5
HCR Services Limited	1	Debt Collection Services	-	117	9	9
Libaris Ltd	3	IT Services	37	10	25	2
Modulr Ltd	6	Financial Services	107	23	-	-
OakBrook Finance Ltd	2	IT Services	35	-	6	1
Salary Finance Limited	2	Financial Services	60	4	-	-
Stack Content Discovery Ltd	1	IT Services	5	-	-	-
Tranquil Capital Ltd	3	Financial Services	12	-	-	-
Total Revenue/Amounts due from Related Party			824	585	1,121	208
Total (Cost)/Amounts due to Related Party			(2,055)	(17)	(1,616)	(334)

Notes:

- 1 - Related by virtue of having one common director being C S Mindenhall
- 2 - Related by virtue of having one common director being M K Badale
- 3 - Related by virtue of having common directors
- 4 - M K Badale and C S Mindenhall's wife have a material interest in the company
- 5 - C S Mindenhall and M K Badale are shareholders
- 6 - C S Mindenhall and M K Badale are directors of the parent company

AGILISYS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

31. Post balance sheet events

Since the year end, the Group has been dealing with the Covid-19 pandemic and the uncertainties that it has caused in economic outlook. The Group has taken advantage of some of the Government initiatives that were introduced as a result of the pandemic which included the Coronavirus Job Retention Scheme, where approximately 1.4% of the workforce were furloughed and VAT payments due between March 2020 and June 2020 were deferred until March 2021.

In April 2020, the Group drew down an additional £2,000,000 from its Rolling Credit Facility to ensure it had sufficient liquidity to pay its suppliers. This was repaid in July 2020 when the Group completed a re-financing exercise which has significantly reduced the Group's cost of borrowing. This re-financing exercise was planned prior to the Covid-19 pandemic and was not required as a result of any negative impact on the business as a result of the effects of the pandemic. Further details on the re-financing is provided in note 22.

The impact of Covid-19 has not had a material impact on the Group's critical estimates and judgements disclosed in the accounting policies in relation to the year ended 31 March 2020.

After the reporting date on 31 March 2020, there were no other events of special significance which may have a material effect on the financial position and performance of the Group.

32. Controlling party

The immediate parent of the Company is Agilisys Group Limited. The ultimate parent company and controlling party is Agilisys Group Holdings Limited, a company incorporated in England and Wales.

The financial statements of Agilisys Group Limited can be found at:

Scale Space
2nd Floor
Imperial College White City Campus
58 Wood Lane
London
W12 7RS

33. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Agilisys Services Holdings Limited	See note below	Intermediate holding company	Ordinary	100%
Agilisys B2C Limited	See note below	Intermediate holding company	Ordinary	100%
Agilisys B2B Limited	See note below	Intermediate holding company	Ordinary	100%
Agilisys Limited	See note below	Provision of IT services	Ordinary	40%
Agilisys Professional Services Limited	See note below	Provision of IT services	Ordinary	100%
Agilisys Managed Services Limited	See note below	Provision of IT services	Ordinary	100%

AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

33. Subsidiary undertakings (continued)

Name	Registered office	Principal activity	Class of shares	Holding
Agilisys Contact Services Limited	See note below	Provision of contact centre services	Ordinary	100%
Agilisys IT Services India PVT Limited	103/104, B Wing, Fulcrum, IA Sahar, IA Project Road, Andheri East, Mumbai-400059, India	Provision of services to the Group	Ordinary	100%
H&F Bridge Partnership Limited	See note below	Provision of IT services	Ordinary	80.1%
Elevate East London LLP	See note below	Provision of IT services	Ordinary	80%
Quickheart Limited	See note below	Provision of Digital solutions	Ordinary	100%
Agilisys Guernsey Limited	PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3HB	Provision of IT services	Ordinary	100%
Agilisys Guernsey Transfer Limited	PO Box 119, Martello Court, Admiral Park, St Peter Port, Guernsey GY1 3HB	Provision of IT services	Ordinary	100%

Registered Office of UK based subsidiaries above is :

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2nd Floor
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AGILISYS HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

33. Subsidiary undertakings (continued)

The aggregate of the share capital and reserves as at 31 March 2020 and the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

Name	Profit/(Loss) £000
Agilisys Services Holdings Limited	-
Agilisys B2C Limited	-
Agilisys B2B Limited	-
Agilisys Limited	1,727
Agilisys Professional Services Limited	198
Agilisys Managed Services Limited	305
Agilisys Contact Services Limited	(9)
Agilisys IT Services India PVT Limited	-
H&F Bridge Partnership Limited	-
Elevate East London LLP	11
Quickheart Limited	17
Agilisys Guernsey Limited	4,610
Agilisys Guernsey Transfer Limited	(1,302)