

Company Registration No. 03941006 (England and Wales)

**SERVICEPOWER TECHNOLOGIES LTD
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2017**

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SERVICEPOWER TECHNOLOGIES LTD

COMPANY INFORMATION

Directors	K D Ma R Nayot
Company number	03941006
Registered office	Petersgate House 64 St Petersgate Stockport Cheshire SK1 1HE
Auditor	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF

SERVICEPOWER TECHNOLOGIES LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Fair review of the business and future developments

In January 2017 the Company was acquired by Diversis Capital, a US private equity house. The Company delisted from AIM on 7 February 2017 and as a result changed its name from Servicepower Technologies Plc to Servicepower Technologies Limited. Following that date a group reconstruction has led to the disposal of Servicepower Inc from the UK group for £nil consideration. The Company has also considered inter-company balances and the recoverability of investment balances resulting in a loss arising from the waiver of inter-company balances of £7.2m and a loss arising from the impairment of the investment in Servicepower Business Solutions Limited of £3.0m.

The principal activity of the Company is to act as a holding company to a subsidiary that undertakes the sale, hosting and implementation of field service management software, outsourcing and management of dispatch, claims and warranty processing, and the sale of GPS and mobility products. The result for the year is a loss of £10.2m (2016: £0.3m loss).

Following the investment impairment and inter-company balance waiver referred to above the net assets of the Company have reduced from £12.6m to £2.4m. In addition the Company is in a net current liability position of £1.1m, as opposed to a net current asset position in 2016 of £6.2m. The Company is now dependent on the support of its parent undertaking in the US and has obtained a letter of support to confirm this support will continue for the foreseeable future.

The intention is for the Company to continue as an intermediate holding company with minimal trading activity of its own.

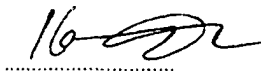
Principal risks and uncertainties

As the company's transactions are predominantly with other companies within the Diversis group its exposure to price, credit and liquidity risk is largely mitigated. The directors continue to actively monitor risks to the business and continue to liaise with group management on a regular basis. The directors consider the risk management strategies of the group sufficient to the risks to the company and are therefore confident in the ongoing performance and risk position of the business.

Key performance indicators

Given the entity is a holding company, the key performance indicators are deemed to be the financial results of the company as disclosed in the financial statements.

On behalf of the board



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K D Ma
Director

Date: 21/01/2019

SERVICEPOWER TECHNOLOGIES LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of a holdings company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K D Ma	(Appointed 7 February 2017)
R Nayot	(Appointed 7 February 2017)
L C N Bury	(Resigned 17 January 2017)
H Fitzwillian-Lay	(Resigned 7 February 2017)
R E Mace	(Resigned 17 January 2017)
M E Martin	(Resigned 27 March 2018)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of future developments.

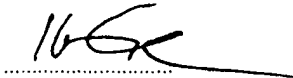
Auditor

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



K D Ma
Director

Date: 21/20/2019

SERVICEPOWER TECHNOLOGIES LTD
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVICEPOWER TECHNOLOGIES LTD

Opinion

We have audited the financial statements of ServicePower Technologies Ltd (the 'company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERVICEPOWER TECHNOLOGIES LTD (CONTINUED)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 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 company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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

RSM UK Audit LLP

Jonathan Lowe (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF
21/2/19

SERVICEPOWER TECHNOLOGIES LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		2017	2016
	Notes	£'000	£'000
Administrative expenses		(9)	(245)
Exceptional items	3	(10,227)	-
Operating loss	6	(10,236)	(245)
Interest payable and similar expenses	7	(5)	(72)
Loss before taxation		(10,241)	(317)
Tax on loss	8	-	-
Loss for the financial year		(10,241)	(317)

SERVICEPOWER TECHNOLOGIES LTD**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Notes	2017		2016	
		£'000	£'000	£'000	£'000
Fixed assets					
Investments	9		3,465		6,379
Current assets					
Debtors	11	-		7,261	
Creditors: amounts falling due within one year	12	(1,104)		(1,090)	
Net current (liabilities)/assets			(1,104)		6,171
Total assets less current liabilities			<u>2,361</u>		<u>12,550</u>
Capital and reserves					
Called up share capital	14		2,275		2,275
Share premium account	15		19,661		19,661
Equity reserve	15		401		401
Capital redemption reserve	15		8,034		8,034
Share based payment reserve	15		-		746
Profit and loss reserves	15		(28,010)		(18,567)
Total equity			<u>2,361</u>		<u>12,550</u>

The financial statements were approved by the board of directors and authorised for issue on 2/20/2019 and are signed on its behalf by:


K D Ma
Director

SERVICEPOWER TECHNOLOGIES LTD

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

		Share capital	Share premium account	Equity reserve	Capital redemption reserve	Share based payment reserve	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2016		2,275	19,661	401	8,034	716	(18,250)	12,837
Year ended 31 December 2016:								
Loss and total comprehensive income for the year		-	-	-	-	-	(317)	(317)
Credit to equity for equity settled share-based payments	5	-	-	-	-	-	30	30
Transfers	5	-	-	-	-	30	(30)	-
Balance at 31 December 2016		2,275	19,661	401	8,034	746	(18,567)	12,550
Year ended 31 December 2017:								
Loss and total comprehensive income for the year		-	-	-	-	-	(10,241)	(10,241)
Credit to equity for equity settled share based payments		-	-	-	-	52	-	52
Transfers	5	-	-	-	-	(798)	798	-
Balance at 31 December 2017		2,275	19,661	401	8,034	-	(28,010)	2,361

SERVICEPOWER TECHNOLOGIES LTD

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

1 Accounting policies

Company information

ServicePower Technologies Ltd is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Petersgate House, 64 St Petersgate, Stockport, Cheshire, SK1 1HE.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Transition to FRS 102

These financial statements are the first financial statements of ServicePower Technologies Ltd prepared in accordance with FRS 102. The financial statements of ServicePower Technologies Ltd for the year ended 31 December 2016 were prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from FRS 101. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

Reduced disclosure exemptions

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Diversis Capital UK Limited. These consolidated financial statements are available from its registered office, Petersgate House, 64 St. Petersgate, Stockport, Cheshire, England, SK1 1HE.

SERVICEPOWER TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Group accounts

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

ServicePower Technologies Ltd is a wholly owned subsidiary of Diversis Capital UK Limited and the results of ServicePower Technologies Ltd are included in the consolidated financial statements of this company which are available from the registered office of Servicepower Technologies Limited.

Going concern

The Company relies on the continued support of its ultimate parent company Diversis Capital LP. The directors have prepared the financial statements on a going concern basis as they believe this support will continue for the foreseeable future. The financial statements do not include any adjustments that would result from the withdrawal of the support.

The directors of the Company have received a letter of support from the Parent Company confirming that it intends to provide such financial support as is necessary for the Company to meet its ongoing financial obligations as and when they fall due for at the least the next twelve months from the approval of these financial statements. As a result, and on the basis of the above disclosures, despite the current uncertain economic environment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and therefore the directors of the Company consider it appropriate to prepare the financial statements on a going concern basis.

Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

SERVICEPOWER TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, loan notes and loans from fellow group companies that are classified as debt, 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 payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

SERVICEPOWER TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Carrying value of investments

Management must consider the carrying value of investments in subsidiary companies based on the on going performance of said company. The nature of the judgement will impact whether or not there is deemed to be any indicators of impairment, which could materially impact the carrying value of those investments.

SERVICEPOWER TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

3	Exceptional costs	2017 £'000	2016 £'000
	Inter-company balance impairment	7,261	-
	Impairment of investment	2,966	-
		<u>10,227</u>	<u>-</u>

Following the acquisition of the company by Diversis Capital LLC management considered the position in relation to inter-company balances and as a result balances owed by Servicepower Business Solutions Limited have been impaired. Furthermore, the investment held in the shares of Servicepower Business Solutions Limited has been impaired to its recoverable amount.

4	Employees	2017 £'000	2016 £'000
	Wages and salaries	-	30

The company does not employ any staff, the amounts recorded above related to share based payment charges only.

5 Share-based payment transactions

Share options were in place in the comparative year and until the change in control following the acquisition of the Servicepower group by Diversis Capital LLC. The options were issued to employees of Servicepower Business Solutions Limited and Servicepower Incorporated and were options over the shares of Servicepower Technologies Limited when it was a listed company. The discretionary share option scheme was set up to take advantage of tax-favoured EMI options to UK employees and tax-favoured ISOs to US employees. Initial grants were made on 31 December 2008 at 5p to UK employees and to comply with US law, to US employees at the market price at the date of grant. All subsequent grants to both UK and US employees would be at the market price at the date of grant. All share options would be forfeited if the employee left the Servicepower group.

The options would not vest earlier than 2 years after the option was granted provided certain performance targets were met, or immediately upon a change of corporate control without the need to satisfy the performance targets.

Following the de-listing of ServicePower Technologies Limited on 7 February 2017, which occurred due to the acquisition by Diversis Capital UK Limited all outstanding options were forfeited. The option holders were offered a cash payment of 6p per option held by the acquiring company. The remaining share based payment charge has been accelerated at this point and the share based payment reserve transferred to retained earnings.

SERVICEPOWER TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

5 Share-based payment transactions (Continued)

	Number of share options		Weighted average exercise price	
	2017 Number	2016 Number	2017 £'000	2016 £'000
Outstanding at 1 January	12,675,000	14,025,000	5.37	5.44
Granted	-	500,000	-	5.50
Forfeited	(12,675,000)	-	5.37	-
Exercised	-	(1,850,000)	-	-
Outstanding at 31 December	-	12,675,000	-	-
Exercisable at 31 December	-	11,700,000	-	5.45

6 Operating loss

	2017 £'000	2016 £'000
Operating loss for the year is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	5	10
Share-based payments	-	30

7 Interest payable and similar expenses

	2017 £'000	2016 £'000
Other interest on financial liabilities	5	72

SERVICEPOWER TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Taxation

The total tax charge for the year included in the income statement can be reconciled to the loss before tax multiplied by the standard rate of tax as follows:

	2017 £'000	2016 £'000
Loss before taxation	(10,241)	(317)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(1,971)	(63)
Tax effect of expenses that are not deductible in determining taxable profit	1,971	-
Tax losses	-	63
Taxation charge for the year	-	-

The standard rate of tax applied to the reported profits is 19.25 % (2016: 20%). The Government has announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020, with this rate change being substantively enacted 6 September 2016.

SERVICEPOWER TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

9 Fixed asset investments	Notes	2017 £'000	2016 £'000
Investments in subsidiaries	10	3,465	6,379
Movements in fixed asset investments			
			Shares in group undertakings £'000
Cost or valuation			
At 1 January 2017			6,379
Capital contribution			52
At 31 December 2017			<u>6,431</u>
Impairment			
At 1 January 2017			-
Impairment			2,966
At 31 December 2017			<u>2,966</u>
Carrying amount			
At 31 December 2017			3,465
At 31 December 2016			<u>6,379</u>

On 12 April 2017 a restructure of the group headed by Diversis Capital LLC was undertaken. The impact on Servicepower Technologies is the movement of the investment in Servicepower Inc through the company. The transfer was undertaken for £nil consideration, so there is no impact on the investment note in the period. The remaining investment in the shares of Servicepower Business Solutions Limited has been impaired to its recoverable amount.

10 Subsidiaries

Details of the company's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct Indirect
ServicePower Business Solutions Ltd	1.	Software development and distribution	Ordinary	100.00

Registered Office addresses:

- Petersgate House, 64 St Petersgate, Stockport, Cheshire, SK1 1HE

SERVICEPOWER TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Debtors		2017	2016
		£'000	£'000
Amounts falling due within one year:			
Amounts owed by group undertakings		-	7,261
		<u> </u>	<u> </u>
12 Creditors: amounts falling due within one year		2017	2016
	Notes	£'000	£'000
Other borrowings	13	-	1,072
Amounts due to group undertakings		1,104	-
Other creditors		-	18
		<u> </u>	<u> </u>
		<u>1,104</u>	<u>1,090</u>
		<u> </u>	<u> </u>
13 Borrowings		2017	2016
		£'000	£'000
Other loans		-	1,072
		<u> </u>	<u> </u>
Payable within one year		-	1,072
		<u> </u>	<u> </u>

The short term loan was secured and carried interest of 8%. This loan was repaid in the current year.

14 Share capital		2017	2016
		£'000	£'000
Ordinary share capital issued and fully paid 227,560,827 Ordinary shares of 1p each		2,275	2,275
		<u> </u>	<u> </u>
		<u>2,275</u>	<u>2,275</u>
		<u> </u>	<u> </u>

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company

15 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction cost

Equity reserve

The equity element of convertible loan notes

SERVICEPOWER TECHNOLOGIES LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

15 Reserves (Continued)

Capital redemption reserve

The nominal value of shares repurchased and still held at the end of the reporting period

Capital contribution reserve

The cumulative share-based payment expense

Profit and loss reserves

Cumulative profit and loss net of distribution to owners

16 Related party transactions

Transactions with related parties

At 31 December 2017 the Company had an outstanding loan balance of £Nil (2016: £1,000,000) as well as £Nil (2016: £71,980) of accrued interest due to Herald Investment Trust Plc, a shareholder whilst the Company was listed on AIM. The loan was repaid in full on 27 January 2017.

17 Controlling party

ServicePower Technologies Limited is a wholly owned subsidiary of Diversis Capital UK Ltd, a company incorporated in England and Wales.

The ultimate parent entity is Diversis Capital LP, a limited partnership incorporated in the United States of America.

The smallest group where consolidated accounts are produced is headed by Diversis Capital UK Limited, copies of which can be obtained from its head office Petersgate House, 64 St Petersgate, Stockport, Cheshire, SK1 1HE.

The largest group where consolidated accounts are produced us headed by Servicepower Incorporated. These accounts are not available to the public.