

# **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2020**

GEMSERV LIMITED





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# DIRECTORS, OFFICERS, ADVISERS AND STATUTORY INFORMATION

## NON-EXECUTIVE DIRECTORS

Meriel Lenfestey, Chair

Matthew Rees, Senior Independent Non-Executive Director

Annette Nabavi, Independent Non-Executive Director

Simon Wills, Non-Executive Director

## EXECUTIVE DIRECTORS

Alex Goody, Chief Executive

Daniel Carter-Clout, Chief Financial Officer and Company Secretary

Jonathan Harley, Director of Consultancy and Business Development

## OFFICERS

Miriam Atkin, Director of Major Accounts

Trevor Hutchings, Director of Strategy and Communications

Robin O'Connor, Director of Digital Transformation

## BANKERS

The Royal Bank of Scotland plc

62/63 Threadneedle Street, London, EC2R 8LA

## AUDITOR

BDO LLP

55 Baker Street, Marylebone, London, W10 7EU

## REGISTERED OFFICE

8 Fenchurch Place, London, EC3M 4AJ

Telephone: 020 7090 1000

Email: [companysecretary@gemserv.com](mailto:companysecretary@gemserv.com)

Company Registration Number: 4419878

## IRELAND OFFICE

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# CHAIR'S STATEMENT

If I had written this report two months ago it would have been focused on an extremely strong first year of our new five-year strategy. Having delivered the previous strategic goals two years early the Board set even more ambitious ones around clarity of purpose and values, delivering the best client and employee experiences, and responding to the emerging changes in our sectors and the world with new skills, services and revenue streams. The company has delivered a strong start to the new strategic plan.

We couldn't have foreseen the challenge the year end threw at us and all other businesses. Although COVID-19 has had no material impact on the 2019/20 results, it is changing the landscape for next year across our portfolio of services. The company remains focused on the strategic principles but recognises the need for flexibility as the impact becomes clearer. The Board has full confidence in the mitigations put in place by the Executive and will continue to support them in adjusting as necessary.

We have every reason to remain confident because Gemserv is fundamentally strong, demonstrably adaptable and driven by social purpose:

**Strong:** Our healthy balance sheet means we have no concerns about meeting our obligations. The majority of our work is on long term contracts which we expect to be delivering more or less as planned. We have deep expertise across core sectors fundamental to our national infrastructure, we have great people, and we are determined to remain true to our values.

**Adaptable:** Having started from a single contract, Gemserv has proved time and time again that it can evolve and lead change. We have broadened our offerings in the Energy sector, diversified into other core sectors and adapted our working practices, skills and services to the changes happening around us such as industry digitalisation, big data analytics, privacy and ethics, code simplification, social inclusion, and flexible working.

**Purposeful:** Gemserv is focused on making things that matter work better for everyone. This has led us to be a core part of delivering fair energy markets, energy efficiency schemes, consultancy and accreditation in digital privacy and security, and defining digital healthcare.

Gemserv underwent a full external Board effectiveness review in 2019. I'm pleased to say that the assessment found the Board to be highly effective and delivering fully against the Wates principles. We are not resting on our laurels and have strengthened the Board further by inviting Jonathan Harley to step up into a Board Director role. During 2020 we will also be continuing in our commitment to Board rotation as Simon Wills steps down after 6 years in the role. We will be seeking a replacement NED in the coming months. This strength at the Board will serve us well with the coming challenges.

My particular thanks goes out to the Gemserv staff who have risen to the challenges of the past year. These have been both strategic as we drive harder on our new goals, and operational as we embrace new ways of working. They continue to live the values throughout for which I am immensely grateful.

I am pleased to declare a dividend of 100.56p which reflects the strong results in 2019/20 and is paid in full consideration of the challenges ahead.



**Meriel Lenfestey**  
Chair

10<sup>th</sup> June 2020





## CHIEF EXECUTIVE'S REPORT

As we reached the end of financial year 2019/20, which had been a fantastic start to our new five-year strategy, the global shock of COVID-19 was beginning to unfold. The impact on our staff, our clients, our shareholders and our communities will be immense and it is at these times that being a purpose-led organisation provides a crucial north star to the actions that we need to take.

At the start of the year we launched a bold new five-year strategy with restated company values of Innovative, Insightful, Collaborative and Impactful and a new company purpose of making things that matter work better for everyone. With our clients we:

- Tackle today's social and environmental challenges;
- Improve and simplify the way markets work through our extensive sector expertise;
- Harness the power of digital transformation; and,
- Ensure data is protected and used ethically.

Over the five-year strategy we are targeting to diversify Gemserv into three sectors: Energy, Health and Public Sector and with cross cutting industry expertise through our Cyber, Digital and Data Practice, while maintaining our impressive revenue and profit growth.

During the year we continued to assess inorganic growth through further acquisition, while delivering organic growth of over £10 million in sales to new and existing customers, representing 162 opportunities won. New clients and opportunities spanned across our sectors and services, and examples include a major digital transformation for the Isle of Man Government healthcare system, cyber and data projects for Association of British Ports (NIS related) and Direct Line Group, and technical assistance to the Saudi Arabian electricity regulator in relation to smart metering. We've seen promising progress across all areas and at the end of 2019/20 we are ahead of target in terms of growth.

Through major investments in technology we launched Codeworks, which digitalises the energy codes and allows remote management of code and regulatory rules, and we upgraded and replaced key Gemserv systems to better support our clients and improve working flexibility. We've invested in training our people, particularly in digital skillsets, and through this and a range of other measures significantly reduced staff churn to below 10%. Our commitment to our staff saw Gemserv recertified as an Investors in People Gold Standard employer. In our major accounts we've implemented a number of initiatives to improve client focus, achieving above peer group results in stakeholder surveys. In year one of our strategy we've made good progress in the elements which focus on relationships, talent and our technology investments under our Digital First programme.

Our positive progress has been tested by the impact of the lockdown under COVID-19. Whilst some elements of our business will be negatively affected by the economic decline, other areas will benefit from the subsequent recovery which we believe will speed up existing societal trends and create new ones. Specific examples include the digitalisation of health and social care and the benefits this will bring, expansion of remote working across all sectors, and, I hope, a reinforcement of our collective resolve on decarbonisation. At Gemserv we are well placed to play our part in these global trends. We are making things that matter work better for everyone.



**Alex Goody**  
Chief Executive

10<sup>th</sup> June 2020



# CORPORATE SOCIAL RESPONSIBILITY REPORT

We believe that businesses must do more than simply make a profit. It is Gemserv's culture to make a positive, long-term and sustainable contribution in all that we do. This is underscored by our Purpose to make things that matter work better for everyone.

'Profit with Purpose' captures the approach we take, combining our commercial ambition with our desire to achieve a positive environmental and social impact. We continue to focus our CSR activities on three main areas:

## OUR PEOPLE

We are a people business and have worked hard to attract, retain and develop our staff so that they can reach their full potential. We have flexible and inclusive working practices and value the different perspectives that people bring to the workplace, establishing diverse and flexible teams. We have a whistleblowing policy to ensure that staff feel safe and valued in their day to day work and can identify concerns if they need to. We have provided staff with mental health awareness training, including establishing a network of mental health first-aiders. In addition, we are a Living Wage Employer, meaning that not only our employees but those of our suppliers who are regularly contracted receive at least the Living Wage. We are an Investors in People Gold Standard employer.

## OUR MARKETS AND CLIENTS

We continue to strive for the highest level of service for our clients and received positive feedback through a stakeholder survey conducted by an independent third party. We abide by our legal commitments (including anti-bribery and anti-corruption, modern slavery and health and safety) and through our sustainable trading policy we operate to the highest standards of financial probity, ethics and sustainability. Our approach is underpinned through a range of quality and environmental standards which we have maintained over the year: Cyber Essentials Plus; Information Security Management ISO27001; Environmental Management System ISO14001; and Quality Management System ISO9001.

## OUR ENVIRONMENT AND COMMUNITIES

Every two years we give staff the opportunity to nominate and then choose the charities we will support. We are pleased to support our nominated charities, Alzheimer's Society<sup>[1]</sup>, Us in a Bus<sup>[2]</sup>, and Smarter Choices<sup>[3]</sup>, running a series of fundraising events as well as match-funding personal fundraising by our employees for their chosen charities, raising £11,415 for good causes.

To boost fundraising activity Gemserv hosted "Spotlight", a talent show in aid of Alzheimer's Society, and a great opportunity to bring our clients and suppliers into our CSR effort.

All staff are encouraged to take one paid volunteering day each year. This underpins our commitment to invest staff time in rewarding activities outside work. Further to this commitment over 100 Gemserv staff undertook a volunteering assignment at Stave Hill Ecological Park in London, helping to maintain it as a nature reserve and recreational park for local residents, building on the link created last year.

Our environmental focus has been on reducing our environmental impact in line with the requirements of ISO14001 including reducing our carbon footprint and tackling our waste. We have implemented a number of energy-saving measures including: solar reflective film on our windows to reduce air conditioning in summer; efficient LED lightbulbs; adjusting our smart lighting system to auto switch lights off when no movement is detected; and electricity sub metering to better monitor our energy use. Conferencing and collaboration technology has reduced the need for business travel. We actively encourage flexible and home working to reduce travel-related emissions and support this via a staff cycle to work salary sacrifice scheme. As a new initiative this year, we now also offer one additional paid day of leave to staff who travel on holiday via low carbon transport instead of flying. Through all of these measures, and the sponsorship of accredited renewable energy projects, Gemserv has become certified as a Carbon Neutral Company.

Turning to our efforts to reduce waste, 100% of our office waste is recycled or used to generate energy with none to landfill. We continue to use 100% recycled paper or paper from sustainable sources (Forestry Stewardship Council accredited) and discourage unnecessary printing. We have provided a sustainable and reusable flask to all staff to discourage single use cups and plastic bottles, and are working with suppliers to remove single use plastic from the products we buy.

As Gemserv grows, we are able to have more impact through the services we provide others in areas that make a positive difference. Our CSR commitments remain a key plank of this 'Profit with Purpose' approach. Our staff, and increasingly, our clients expect nothing less.

1. Alzheimer's Society - is a United Kingdom care and research charity for people with dementia and their carers.

2. Us in a Bus – work with a wide range of people who have profound learning disabilities and complex needs.

3. Smarter Choices - is a London based charity which focuses on educating young people on the possible side effects of violence, aiming to create safer local communities



# BOARD OF DIRECTORS



**MERIEL LENFESTEY - Chair (Independent Non-Executive Director)**

Meriel joined the Gemserv board in 2013 and became Chair in January 2017. Her career has been built providing customer-centred strategic and design consultancy to organisations of all shapes and sizes; across public, private and third sectors; and across many different markets. As a designer, researcher, entrepreneur and qualified director she brings a blend of creative energy, customer focus, digital experience, consultancy experience, as well as thorough corporate governance to the Board.



**MATTHEW REES - Senior Independent Non-Executive Director (Deputy Chair)**

Matthew combines his responsibilities at Gemserv with his position as Director and board member of the Single Source Regulations Office, an independent regulator established by the Ministry of Defence. He was previously the National Audit Office's Director of Corporate Finance, where he produced reports for Parliament about government investments and privatisations, and he advised the Competition Commission about mergers. Matthew was previously an investment banker focusing on Technology, Media and Telecoms and he qualified as a Chartered Accountant at KPMG. Matthew became a Board member in January 2016 and Deputy Chair in 2017.



**ANNETTE NABAVI - Independent Non-Executive Director**

Annette joined the Board in January 2017. She has a broad range of public and private board experience and currently holds a number of Directorships. She is a Non-Executive Director on the board of Maintel Holdings plc, an AIM listed unified communications services business. She is on also on the board of IPSE, the Association of Independent professionals and the Self Employed. She is on the Advisory Board of the National Media Museum, part of the Science Museum Group, and a Director of Women in Telecoms and Technology (WiTT) Ltd, an events and networking group. Annette previously held positions with ING Barings and the PA Consulting Group. Annette holds an MA from Oxford University and a Doctorate from the University of Dijon.



**SIMON WILLS - Non-Executive Director**

Simon took up his current role in Centrica as Group Health, Safety, Environment and Security Director, in November 2013. This followed five years as the Managing Director of Centrica Storage, the ring-fenced entity responsible for the operation and commercialisation of the Rough offshore gas storage facility and the associated Easington terminal. Simon has been with Centrica since de-merger and before that with British Gas plc. He has held a variety of commercial and technical roles within British Gas and latterly Centrica, both in the UK and Europe. Simon joined the Gemserv Board in November 2014.



**ALEX GOODY - Chief Executive (Executive Director)**

Alex joined Gemserv in May 2012 and became Chief Executive in July 2018. Alex has a background in business development, strategy and marketing across energy, insurance, and Information technology industries. He commenced his career at the energy company, Amerada Hess and prior to joining Gemserv worked for the insurance group, Domestic & General, in various senior and international management roles including establishing and leading Domestic & General Australia & New Zealand. He is a Chartered Director and Fellow of the Institute of Directors.



**DANIEL CARTER-CLOUT - Chief Financial Officer (Executive Director)**

Daniel joined Gemserv in January 2017 to lead the Finance and IT functions. Having started his career in audit at Deloitte, Daniel has subsequently gained broad commercial and strategic finance experience across a number of sectors including Telecoms, Manufacturing and Energy. He has held finance roles in both listed multinationals and SMEs, most recently as Finance Director for a division of a renewable energy developer. Daniel is a Fellow of the Institute of Chartered Accountants of England and Wales.



**JONATHAN HARLEY - Director of Consultancy and Business Development (Executive Director)**

Jonathan has worked for Gemserv since 2009 and has been on the Executive team since 2016. He leads Gemserv's Business Development and Consultancy Directorate. Having led several high-profile programmes across the Energy, Environment, Smart and wider Utilities sector, he is an experienced leader of large teams delivering exceptional client service to solve complex and cross-cutting problems. This includes implementing government policy and multi-stakeholder operations. His previous experience includes working at E.ON UK as well as having extensive international experience in Japan, Taiwan, mainland Europe and Ireland.

## EXECUTIVE MANAGEMENT

The Executive Team includes the three Executive Directors and the following individuals:



**MIRIAM ATKIN - Director of Major Accounts**

Miriam joined Gemserv in October 2018 from the public services company Serco. She has accountability for the management of Gemserv's largest contracts, focusing on continuous improvement, innovation and exceptional service in client delivery. Miriam worked at Serco for eleven years in roles spanning Business Operations, Finance and IT. A Chartered Accountant, Miriam trained with Grant Thornton before moving into business finance roles with The AA and Centrica prior to joining Serco.



**TREVOR HUTCHINGS - Director of Strategy and Communications**

Trevor is Director of Strategy and Communications at Gemserv having joined the company in May 2017. Trevor spent his early career working in a number of UK government departments and with the European Commission in Brussels. This included positions at the then DECC (Department of Energy and Climate Change) where he was responsible for major programmes on energy efficiency, the low carbon economy and reducing the UK's greenhouse gas emissions. He went on to join WWF, the global conservation charity, where he was Director of Advocacy. Trevor is also a director at the Green Purposes Company set up by government to safeguard the green mission of the UK's Green Investment Bank. He is a Fellow at the Institute of Environmental Management and Assessment.



**ROBIN O'CONNOR - Director of Digital Transformation**

Robin became part of the Gemserv leadership team following the acquisition of ASE Consulting and Aprose Risk in September 2018, having been a director of both companies. He has over 25 years of commercial, delivery and operational management experience in major digital transformation projects, including in some of the largest civilian IT-enabled change programmes undertaken in the UK in both the private and public sectors. He is responsible for leading Gemserv's digital transformation services as it seeks to offer a wider range of services to current and new clients.



# DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2019/20

## DIRECTORS' REPORT

### INTRODUCTION

The Directors present their report on the results of the Group and the Company, together with the Strategic Report, the Financial Statements and the Auditor's Report, for the year ended 31st March 2020.

### RESULTS AND DIVIDENDS

In the year to 31st March 2020, the Group achieved revenues of £26.9m (2019: £24.1m) and operating profit of £2.5m (2019: £2.5m). Commentary on the results is contained in the Strategic Report.

In line with Gemserv's dividend policy to increase ordinary dividend payments by RPI plus 1%, the Directors recommend an ordinary dividend of 100.56p per share (2019: 97.06p) totalling £232k.

### SHARE ISSUES

There were no share issues during the year.

### DIRECTORS AND THEIR INTERESTS

The Directors who served during the year were as follows:

- Meriel Lenfestey
- Matthew Rees
- Annette Nabavi
- Simon Wills\*
- Alex Goody
- Daniel Carter-Clout
- Jonathan Harley\*\*

\*Non-Executive Director from the shareholder community

\*\*Appointed 24th July 2019

No Director at 31st March 2020 had any beneficial interest in any of the shares of the Company.

### DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with FRS102 (Financial Reporting Standards applicable in the UK and Republic of Ireland). Under company law, the Directors must not approve the financial

statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the surplus or deficit of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business.

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

### STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

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

### AUDITOR

The Directors ran a tender for audit services during the year and propose to replace the current auditor, BDO LLP, with PKF Littlejohn LLP for the year ending 31st March 2021. PKF Littlejohn LLP is willing to seek appointment as the auditor to the Company. A resolution proposing its appointment will be put forward at the forthcoming General Meeting.

Approved by the Board and signed on its behalf by:



**Daniel Carter-Clout**  
Executive Director and Company Secretary

10<sup>th</sup> June 2020



# STRATEGIC REPORT

## PRINCIPAL ACTIVITIES

Gemserv is an expert provider of professional services in a world driven by data and technology. We provide a range of specialist outsourcing and consultancy services and have expertise in our key sectors: energy, health and the public sector. While we undertake some international work, our clients are mainly based in the UK and Ireland. Our Purpose is:

Making things that matter work better for everyone.

With our clients, we:

- Tackle today's social and environmental challenges;
- Improve and simplify the way markets work through our extensive sector expertise;
- Harness the power of digital transformation;
- Ensure data is protected and used ethically.

## REVIEW OF THE BUSINESS

Revenue increased by 12% from last year's £24.1m to £26.9m. This was a result of a full year of revenue from the acquisitions made in September 2018 together with strong performance across our services to the energy sector. However operating profit was only slightly up at £2.54m (2019/20: £2.49m) reflecting increased strategic investment in building up new capabilities and services that are not yet fully operational. Net assets at the year-end were £12.2m (2018/19: £10.3m), and working capital was £9.6m (2018/19: £7.1m). The cash and cash equivalents balance at the year-end increased to £12.0m (2018/19: £10.4m), driven by the profit for the year less the first earn out payment relating to the acquisitions.

Over the year Gemserv helped:

- consumers switch to a better energy deal through our administration of the Master Registration Agreement.
- the roll-out of smart metering - crucial for the transition to a clean energy system - through our work on the Smart Energy Code and other contracts such as the Alternative Home Area Network.
- tackle climate change and deforestation through our running of the Biomass Suppliers List.
- support the development of low carbon heating solutions through our contribution to the UK government's Heat Networks Investment Project
- ensure people's privacy and data is protected through our data governance services.
- improve the healthcare system on the Isle of Man through our digital transformation work there.

Two long term contracts – Microgeneration Certification Scheme and Landlord Tenant Address Portal – ended. These were offset by winning a new major account with BEIS on cyber security for the smart metering programme and one with the Isle of Man Government supporting their health programme. We also extended four existing accounts. Collectively, major accounts continued to be the main driver of growth, with smart metering and Ofgem's Faster Switching Programme of particular note.

We benefited from strategic investments made in previous years as new value propositions in data protection and connected devices continued to contribute profitable revenue. We invested further in building our presence in the emerging electric vehicles market and in our new health offering. We also invested in a 'regtech' solution – Codeworks – to reduce the regulatory compliance burden for energy market participants with the potential to offer this to other sectors.

Through our Digital First programme we implemented technology to deliver better client outcomes, support flexible and remote working, and drive back office efficiencies. These include a new CRM system, marketing software, and a business insight tool to add value to our reporting for clients. Our move to Microsoft Teams enabled us to seamlessly switch to 100% remote working in March in response to the COVID-19 pandemic.

To support our diversification we recruited additional business development expertise to help establish our presence in health and the public sector. Key to this has been tailoring our existing capabilities which we deliver across the energy sector to clients in these new areas.

We further integrated the two businesses acquired in September 2018 – ASE Consulting Ltd and Aprose Risk Ltd – under the Gemserv brand. The businesses have contributed profitable revenues through new clients as well as enhancing delivery for existing accounts.

To extend our market influence we shared our ideas through thought leadership papers, public speaking engagements, and other influencing activities on key issues including: energy market governance reform, the design of the new Retail Energy Code, energy efficiency schemes, data governance and driving efficiencies in health through greater use of technology.

Gemserv is entirely dependent on its staff. Our talent management programme offers a comprehensive range of development opportunities, and the business achieved its target for 80% of staff to have undertaken digital awareness training in support of the business's push in this direction. On Diversity and Inclusion, the focus has been on improving Gemserv's gender balance. This has included publishing for staff the gender pay gap and committing to a plan of action to address this through unconscious bias training, a balanced shortlist for senior roles and other steps.

## KEY PERFORMANCE INDICATORS

We monitor our performance through a combination of financial and non-financial indicators. These are geared towards measuring annual performance as well as the longer-term sustainability of the business. They are a key factor in determining staff bonus pay-outs. Tracking these indicators also provides greater foresight, enabling us to better anticipate forward trends, acting as an early warning so we can adapt to changing circumstances.

The indicators we use include:

- Revenue, profit and margin
- Forward looking secured income levels
- Business diversification
- Sales pipeline
- Digital maturity
- Partnerships
- Customer satisfaction and wider reputation
- Communication & marketing effectiveness
- Employee metrics
- Responsible business measures

## PRINCIPAL RISKS AND UNCERTAINTIES

Our markets are experiencing unprecedented disruption and Gemserv is a bigger and more complicated business than it was just a few years ago. Accordingly, the way we manage risk and uncertainty continued to be an important focus over the year, including how we need to be prepared to accept higher risk as the business implements its strategic plan.

The Audit and Risk Committee evaluates the effectiveness of Gemserv's risk management processes and informs the Board of any key findings. The Board and Executive regularly assesses business risk by reviewing and updating the corporate risk register in the context of developments in the external environment and internal operations. The corporate level risks that were managed over the year include:

- The risk of cyber-attack and information security breaches.
- The impacts of government, regulatory and industry changes taking place in our core contracts (including Brexit).
- Dependency on technology and suppliers.
- Attraction and retention of talent.
- Failure to secure value from the acquired businesses.
- Drive for growth negatively impacting on service excellence.
- Negative media coverage linked to market initiatives with which we engage.
- The increased reputational risks associated with our work in the health sector.

Mitigating actions undertaken over the year include:

- Stepping up our engagement activities and thought leadership to influence government policymaking.
- Continuing to grow and diversify the business thereby reducing our financial dependency on any single contract.
- IT audit work as we look to increase our cyber security maturity level.
- A Brexit impact assessment.

## COVID-19

In March we added the impact of the COVID-19 pandemic, which is impacting all businesses, to the corporate risk register and implemented a comprehensive mitigation plan across the group.

Gemserv has a business continuity plan that is regularly stress tested and is covered by our ISO27001 accreditation. This has been put into action as we complied with Government advice, closing the office and supporting staff as they were asked to work from home. Gemserv systems and existing familiarity with a flexible working culture has allowed the business to continue to deliver on our contracts and provide client services with no significant negative impact.

The global crisis is still emerging at the time of writing and the economic impact will not be clear for some time. The Directors expect that revenues will remain flat or reduce in FY2020/21, with reduced levels of profit. However, the nature of our contracts, the principal markets in which we operate, our strong balance sheet and our track record at spotting opportunities means that there is a high degree of confidence that Gemserv will navigate successfully through any emerging COVID-19 related obstacles.

The Executive has produced a living COVID-19 response plan to gauge performance and guide decisions as lock down continues, restrictions are lifted and normality gradually resumes. This plan forms the basis for regular discussions around clients, partnerships, cyber and resilience, resourcing, employee support, financial control and market changes. The Non-Executive Directors are meeting with the CEO regularly to provide additional support for the period of the plan.

## FUTURE DEVELOPMENTS

The Board held its annual strategy day in January 2020. The strategy remains to grow and diversify the business, through four strategic pillars:

There are four pillars to the Strategic Plan:

### Accelerate Growth

Investing in our existing services, developing new capabilities and driving profitable business in new markets, with less reliance on any single contract;

### Build Relationships

A strategic partner to our clients, delivering exceptional service and influencing our markets. A responsible business, helping to tackle social and environmental challenges, with decision-making driven by our 'profit with purpose' approach;

### Cultivate Talent

A career destination of choice, attracting, retaining and nurturing our staff so they can reach their full potential. We will embed a culture in which staff embrace the Gemserv Values of Innovative, Insightful, Collaborative and Impactful; and

### Digital First

Using the power of data and technology we will deliver better outcomes for clients, industry and consumers. We will modernise our office systems and working practices consistent with a digital first approach.

The challenge is now implementation and at the strategy day the Board agreed to place more emphasis on:

- Doing more to combine our existing capabilities with greater use of technology to meet changing client and market needs;
- Being bolder and more co-ordinated across our communications, investments and partnerships, willing to experiment with new ideas accepting that not everything we try will work; and,
- Continuing to deliver exceptional service for our clients.

The Directors expect the general level of activity in FY2020/21 to remain flat or reduce, with lower profit levels. This forecast downturn is because of the negative impact of the COVID-19 pandemic on the macro-economic outlook to which Gemserv and its clients are exposed.

## STAKEHOLDERS (SECTION 172 COMPANIES ACT 2006)

The Board has agreed to adopt the Wates Corporate Governance Principles for Large Private Companies. These cover our approach towards stakeholder relationships and engagement at Principle 6 and this is explained on p.21. The Board will continue to review and challenge how Gemserv can improve engagement with its employees and stakeholders.

Approved by the Board and signed on its behalf by:

Alex Goody  
Chief Executive

10<sup>th</sup> June 2020

# CORPORATE GOVERNANCE STATEMENT

Gemserv's Board is committed to its Purpose - making things that matter work better for everyone - and recognises the importance of sound corporate governance in achieving that Purpose. To this end, the Board has agreed to adopt the Wates Corporate Governance Principles for Large Private Companies, as published by the Financial Reporting Council. Below, we outline the key provisions Gemserv has made to ensure good corporate governance, which have been developed to provide governance policies appropriate to its size.

## PURPOSE AND LEADERSHIP

*"An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose."*

The Gemserv Board developed the Purpose statement set out above in consultation with the workforce to capture why Gemserv exists and the impact it wants to achieve. This is underpinned by four key values reflecting the behaviours required to meet our goals. The Purpose, values and strategy are shared with the workforce, and reinforced through personal and corporate objectives. How this translates into the company culture is monitored through staff surveys, exit interviews, and feedback sessions with Directors.

## BOARD COMPOSITION

*"Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution."*

Gemserv's Board comprises three Executive Directors and four Non-Executive Directors, of which the Board considers three are independent and one Director is from the shareholder community. All director appointments are subject to shareholder approval, and all Non-Executive Directors are subject to annual re-election by shareholders. The individual directors bring experience from a range of backgrounds and sectors including finance, consulting, sales and marketing, telecoms and technology, the public sector and the energy industry. This provides a balance of views and skills, and representation across the key client and shareholder stakeholder groups. Furthermore, the Board commissioned an external review of its performance in 2019 which found the Board to be high-performing, while also raising areas for potential improvement.

## DIRECTOR RESPONSIBILITIES

*"The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge."*

The Gemserv Board meets at least six times a year for scheduled meetings to assess the performance of the company and deal with other matters as required. In addition, the Board meets once a year to review and if necessary update the Group strategy. All Directors are kept advised of key developments, receive timely and accurate information, and participate fully in the decision-making process of the Board.

Certain items of business are delegated to the three principal Board committees: the Audit and Risk Committee; the Remuneration Committee; and the Nominations Committee. Each committee operates under clear terms of reference, and sets out its key responsibilities and activities in the annual report. This governance structure is set out on page 20.

## OPPORTUNITY AND RISK

*"A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks."*

The Group's financial performance is a standing item at Executive and Board meetings throughout the year. The Board is therefore well-informed to approve the annual report and financial statements as a fair and representative assessment of the Group's financial position and performance.

Gemserv recognises the opportunities and risks around a changing market. The company seeks to support customers through change and invests in strategic development projects which will deliver against the purpose in the future. These development projects report into the Board regularly to ensure progress is being made. In addition, the Board regularly reviews internal and external risks in relation to achieving Gemserv's strategic objectives, and assesses these in conjunction with its appetite for risk to ensure that the company is taking appropriate mitigating action where required. A summary of key risks is set out in the Strategic Report.

The Board has established an Audit and Risk Committee with delegated responsibility for ensuring that the financial performance, position and prospects of the Company are properly monitored and reported on. The committee meets with the auditor and discusses their reports on the accounts and the company's financial controls and recommends the appointment of auditors. It also reviews the internal controls and risk management processes, including the output from internal audits.



## BOARD OF DIRECTORS

Responsible to the shareholders for effective leadership and long term success of Gemserv, including overall strategic direction, values and governance.

### MATTERS RESERVED FOR THE BOARD INCLUDE:

- Strategic Direction and Oversight
- Corporate Structure and Capital Organisation
- Approval of Financial Statements, Dividends and Audit matters
- Board and Committee membership and senior appointments
- Maintaining a system of corporate governance, internal control and risk management
- Remuneration Policy for Directors, Management and Staff
- Approval of Key Policies

#### AUDIT AND RISK COMMITTEE

Comprises two NEDs, of which one has relevant financial experience and qualifications.

Responsible for financial integrity of Gemserv thorough reviewing internal controls, risk management processes and internal and external audit.

#### REMUNERATION COMMITTEE

Comprises all NEDs.

Responsible for Executive pay, company remuneration strategy and setting appropriate targets.

#### NOMINATIONS COMMITTEE

Comprises all NEDs.

Responsible for all appointments to the Board and its Committees, the Executive Team, and succession planning.

#### EXECUTIVE TEAM

Responsible for implementing the strategy set by the Board and leading the day-to-day running and operations of Gemserv.

## REMUNERATION

*“A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.”*

The Board has established a remuneration committee. The remuneration committee determines the terms and conditions of service of Executive Directors. The remuneration and terms and conditions of appointment of Non-Executive Directors are set by the Board. No Director may participate in any discussions or decisions regarding his or her own remuneration. Remuneration is designed to be appropriate and fair, to recruit and retain high quality directors, management and their workforce, and as such is regularly benchmarked both internally and externally.

The committee also sets objectives for performance-related incentives for Executive Directors and other senior management, and reviews performance against those objectives. The objectives are a combination of financial and non-financial measures, with in-year and multi-year objectives functioning as strategic success indicators designed to promote the long-term sustainable success of the Company.

## STAKEHOLDER RELATIONSHIPS AND ENGAGEMENT

*“Directors should foster effective stakeholder relationships aligned to the company’s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.”*

The Gemserv Board ensures a dialogue with all stakeholders including: shareholders; Government departments; regulators; customers; suppliers, and employees.

Engagement with shareholders is through regular shareholder meetings to discuss the strategy and objectives of the Company, and an update on performance forms part of the Annual Report. Shareholders are encouraged to participate in the general meeting and feed back on performance and other matters raised. In addition, Gemserv’s unique position in the energy market allows for regular contact with shareholder representatives on a more informal basis, maintaining an active dialogue.

Employee engagement encompasses opportunities for employees to meet with and feed back to Non-Executive Directors, giving the workforce a voice at the Board, and regular communication with the workforce through emails, newsletters, and staff meetings on the strategy, staff engagement, innovation, and Corporate Social

Responsibility. In particular during 2019/20 engagement focused on rolling out the new five-year strategy including an all-staff launch event. Gemserv is certified to Gold standard by Investors in People, providing important third party validation of our efforts with our people.

The Board monitors engagement with other stakeholders using a methodology to track the effectiveness of interactions and the level of engagement and influence achieved with customers, regulators, Government and others. In addition, a stakeholder survey was conducted during the year to gauge the opinions of customers in particular and identify areas for improvement.

## GOING CONCERN

Gemserv has a sound financial record including strong operating cash flows derived from substantial recurring revenues across a range of contracts. While the full impact of COVID-19 is not yet known, the majority of the Group’s revenue-generating activities are continuing, underpinned by long-term contracts. Management has implemented proportionate cost-reduction measures, and Gemserv continues to have a strong cash position. Therefore, the Board confirms that, after making appropriate enquiries, it is of the opinion that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing these accounts.

# COMMITTEE REPORTS

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

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee assists the Board in the execution of its responsibilities for Corporate Governance and internal control, and has adopted terms of reference modelled on the provisions set out in the FRC Guidance on Audit Committees, where applicable to Gemserv. This includes evaluating the effectiveness of the risk management framework and processes to inform the Board's approach in managing the strategic and operational risks facing Gemserv.

The members of the Committee who served during the year were Non-Executive Directors: Simon Wills and Matthew Rees, with Matthew Rees as the Committee Chairman. The Chief Financial Officer is the Secretary of the Committee. The External Audit Partner also attends meetings as required.

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

The Committee met four times during the year and the key issues discussed included:

- Internal audit processes and findings;
- Review of the Risk Management Framework;
- Review of significant financial judgements, in particular regarding revenue recognition and the treatment of goodwill;
- Re-tendering the Group audit and recommending appointment of a new auditor; and,
- The Financial results and the Annual Report for 2018/19.

In reviewing significant financial judgements, the Committee identified revenue recognition as the most significant risk of misstatement in the financial statements. The Committee regularly reviews the Group's accounting policy and its application to key contracts, and remains satisfied that it was in accordance with FRS102 and that any assumptions or estimations were reasonable.

## REMUNERATION COMMITTEE

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

- Reviewing performance against targets for the 2017-19 Strategic Bonus scheme and approving the associated payments;
- Reviewing the remuneration packages of the Executive Team, in line with Group and personal performance and contribution;
- Reviewing remuneration for the Chair of the Board (with the Chair of the Board recusing herself from this discussion); and
- Setting, and reviewing performance against, appropriate financial and non-financial targets for Group performance.

## NOMINATIONS COMMITTEE

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

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

- The recommendation to appoint Jonathan Harley to the Board; and,
- Succession planning for the Executive Team and Senior Management.

## EXECUTIVE TEAM

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

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



**Daniel Carter-Clout**  
Executive Director and Company Secretary

10<sup>th</sup> June 2020



# AUDITOR'S REPORT

## OPINION

We have audited the financial statements of Gemserv Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020 which comprise the Group Statement of Comprehensive Income, Group and Company Statements of Financial Position, Group Statement of Changes in Equity, Group and Company Statements of Cash Flows 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 Financial Reporting Standard 102 The Financial Reporting Standard in the United Kingdom 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 Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the 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 Group and the Parent 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 Group's or the Parent 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.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## ACCURACY AND CUT OFF OF REVENUE

(SEE NOTES 1 AND 2)

Risks may arise from the use of inappropriate accountancy policies, the failure to apply stated accounting policies, the inappropriate use of estimates or the manipulation of revenue in the financial statements.

There is therefore a risk that the revenue reported is inaccurate, incomplete or has been recognised in the wrong period.

In response to the risk:

- For a sample of items we performed substantive transactional testing, from project contracts and sales invoices, tracing details through to the nominal ledger and reviewing cash receipts, to test that revenue transactions had been appropriately recorded at the right time.

- For a sample of sales selected from the nominal ledger for a month either side of the year end, we assessed whether they had been recorded in the correct period through review of invoices and timing of work carried out, checking that where necessary the income had been correctly deferred or accrued.
- We tested a sample of credit notes issued after the reporting date to check that any material credit notes relating to sales made pre year-end was correctly adjusted for in the current period.
- We noted no significant estimates in our revenue testing.
- Our testing indicated that accounting policies were appropriate and consistently applied.

## GOING CONCERN AND IMPAIRMENT CONSIDERATION RELATING TO CORONAVIRUS

(SEE NOTE 1 AND DISCUSSION IN CHAIR'S STATEMENT, CHIEF EXECUTIVE'S REPORT AND STRATEGIC REPORT)

During the course of the final quarter of the financial period, the potential impact of Coronavirus became significant. As a result, management (including the Board and Audit Committee) invested a significant amount of time to fully consider the implications on the Group.

Management considered implications for the Group's going concern assessment, potential impairment of certain assets and appropriate disclosure in the Annual Report and accounts, based on experience of the impact to the business during March, April and May.

In response to the risk:

- We reviewed management's assessment including alternative options available to management to mitigate the impacts.
- We challenged management on the key assumptions included in their assessment, including growth rates, inflation and management's mitigating actions in response to Coronavirus. This included considering our revenue testing and the recurring contractual nature of the work alongside a review of internal documents and discussions with management.
- We reviewed management's assessment of the potential impact on the group and company balance sheets, specifically in relation to investments, intangibles and debtors to identify any potential indicators of impairment which could lead to a material misstatement.

- We reviewed the adequacy of management's disclosures in relation to the Coronavirus potential impact and found them to be consistent with the analysis performed.

## OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. For planning, we consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed.

Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The materiality for the Group financial statements as a whole was set at £260,000 (FY19: £248,600). Given the Group is trading and profit orientated the most relevant benchmark was considered to be profit before tax. The percentage applied to profit before tax to calculate materiality was 10% (FY19: 10%).

Where financial information from components was audited separately, component materiality levels were set for this purpose at lower levels up to a maximum of 83% (FY19: 96%) of Group materiality. Component materiality was set at £215,000 (FY19: £239,100).

The materiality for the Parent financial statements, as a trading company in its own right, was based on 10% of profit before tax but restricted, as noted above, to £215,000 (FY19: £239,100).

Performance materiality for the Group and Parent Company was set at 75% (FY19: 75%) of the above materiality levels taking into account various factors including the expected total value of known and likely misstatements, brought forward misstatements, management's attitude towards adjustments, the number of material estimates, how homogeneous processes are within the Group, and the expected use of sample testing.

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £13,000 (FY19: £12,500). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The Group operated for most of the year through three trading entities. The financial statements consolidate the Parent Company along with two other subsidiaries. Based on the nature and size of the entities a full scope audit was carried out by us on the financial statements of the Parent Company only. An analytical review was performed over the remaining non-significant components.

We tailored the scope of our audit to ensure that we performed sufficient and appropriate work to be able to give an opinion on the Group and Parent Company financial statements as a whole.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 15, 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 Group's and the Parent 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 Parent 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 : [www.frc.org.uk/auditorsresponsibilities](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 Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO UK

Stephen Corrall  
(Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

10<sup>th</sup> June 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# STATEMENT OF COMPREHENSIVE INCOME

## GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31<sup>st</sup> March 2020

Company Registration Number: 4419878

		2020	2019
	Notes	£'000	£'000
<b>REVENUE</b>	2	26,856	24,056
<b>ADMINISTRATIVE EXPENSES</b>		(24,349)	(21,584)
<b>OPERATING PROFIT</b>		<b>2,507</b>	<b>2,472</b>
Interest receivable and similar income		34	14
<b>PROFIT BEFORE TAXATION</b>	3	<b>2,541</b>	<b>2,486</b>
Tax on profit on ordinary activities	5	(429)	(496)
<b>PROFIT FOR THE YEAR</b>		<b>2,112</b>	<b>1,990</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Unrealised Exchange gains arising on consolidation	3	-	-
<b>PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME</b>		<b>2,115</b>	<b>1,990</b>

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

The notes on pages 32-42 form part of these financial statements.



# STATEMENT OF FINANCIAL POSITION

## GROUP & COMPANY STATEMENT OF FINANCIAL POSITION

As at 31<sup>st</sup> March 2020

Company Registration Number: 4419878

		GROUP	GROUP	COMPANY	COMPANY
	Notes	2020	2019	2020	2019
		£'000	£'000	£'000	£'000
<b>FIX ED ASSETS</b>					
Intangible assets	7	2,521	2,723	2,521	-
Investments	8	-	-	-	3,405
Tangible assets	9	269	546	269	546
		<b>2,790</b>	<b>3,269</b>	<b>2,790</b>	<b>3,951</b>
<b>CURRENT ASSETS</b>					
Debtors	10	4,934	5,044	4,893	4,561
Cash equivalents	11	2,532	2,512	2,532	2,512
Cash at bank and in hand	12	9,461	7,871	7,879	7,077
		16,927	15,427	15,304	14,150
<b>CREDITORS</b>					
Amounts falling due within one year	13	(7,365)	(7,889)	(6,984)	(7,322)
<b>NET CURRENT ASSETS</b>		<b>9,562</b>	<b>7,538</b>	<b>8,320</b>	<b>6,828</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		12,352	10,807	11,110	10,779
<b>CREDITORS</b>					
Amounts falling due in greater than one year	14	-	(396)	-	(396)
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred taxation	15	(8)	11	(4)	(25)
Dilapidation provision	16	(171)	(141)	(171)	(141)
<b>NET ASSETS</b>		<b>12,173</b>	<b>10,281</b>	<b>10,935</b>	<b>10,217</b>
<b>CAPITAL AND RESERVES</b>					
Share capital	17	230	230	230	230
Other Comprehensive Income		3	-	-	-
Profit and loss account		11,940	10,051	10,705	9,987
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>12,173</b>	<b>10,281</b>	<b>10,935</b>	<b>10,217</b>

The company's unconsolidated profit for the financial period was £1,914k (2019: £1,926k).

The notes on pages 32-42 form part of these financial statements.

Approved by the Board and authorised for issue on 10<sup>th</sup> June 2020 and signed on behalf of the Board by:

Meriel Lenfestey  
Chair

Alex Goody  
Chief Executive



# STATEMENT OF CHANGES IN EQUITY

## GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31<sup>st</sup> March 2020

	Notes	Share Capital	Other Comprehensive Income	Profit and Loss Account	Total
		£'000	£'000	£'000	£'000
Balance at 1 <sup>st</sup> April 2019		230	-	10,051	10,281
Unrealised Exchange gains arising on consolidation		-	3	-	3
Total profit for the year		-	-	2,112	2,112
Dividends paid	6	-	-	(223)	(223)
<b>Balance at 31<sup>st</sup> March 2020</b>		<b>230</b>	<b>3</b>	<b>11,940</b>	<b>12,173</b>

		Share Capital	Other Comprehensive Income	Profit and Loss Account	Total
		£'000	£'000	£'000	£'000
Balance at 1 <sup>st</sup> April 2018		230	-	8,277	8,507
Total profit for the year		-	-	1,990	1,990
Dividends paid	6	-	-	(216)	(216)
<b>Balance at 31<sup>st</sup> March 2019</b>		<b>230</b>	<b>-</b>	<b>10,051</b>	<b>10,281</b>

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31<sup>st</sup> March 2020

	Notes	Share Capital	Other Comprehensive Income	Profit and Loss Account	Total
		£'000	£'000	£'000	£'000
Balance at 1 <sup>st</sup> April 2019		230	-	9,987	10,217
Total profit for the year		-	-	1,623	1,623
Investment hive up	8	-	-	(682)	(682)
Dividends paid	6	-	-	(223)	(223)
<b>Balance at 31<sup>st</sup> March 2020</b>		<b>230</b>	<b>-</b>	<b>10,705</b>	<b>10,935</b>

		Share Capital	Other Comprehensive Income	Profit and Loss Account	Total
		£'000	£'000	£'000	£'000
Balance at 1 <sup>st</sup> April 2018		230	-	8,277	8,507
Total profit for the year		-	-	1,926	1,926
Dividends paid	6	-	-	(216)	(216)
<b>Balance at 31<sup>st</sup> March 2019</b>		<b>230</b>	<b>-</b>	<b>9,987</b>	<b>10,217</b>

The notes on pages 32-42 form part of these financial statements.

# STATEMENT OF CASH FLOWS



## GROUP & COMPANY STATEMENT OF CASH FLOWS

As at 31<sup>st</sup> March 2020

Company Registration Number: 4419878

	Notes	GROUP 2020 £'000	GROUP 2019 £'000	COMPANY 2020 £'000	COMPANY 2019 £'000
<b>Cash flows from operating activities</b>					
Profit before taxation		2,541	2,486	1,953	2,391
<i>Adjustments for</i>					
Interest received		(34)	(14)	(34)	(14)
Depreciation		306	259	306	259
Amortisation		292	189	292	20
Impairment		-	34	-	34
(Increase) / decrease in debtors	10	110	(354)	(332)	(781)
Increase / (decrease) in creditors	13	(573)	1,293	(323)	1,355
Increase in dilapidation provision		30	29	30	29
Foreign Exchange		3	-	-	-
<b>Cash from operations</b>		<b>2,675</b>	<b>3,922</b>	<b>1,892</b>	<b>3,293</b>
Tax paid		(342)	(53)	(348)	(53)
<b>Net cash flows from operating activities</b>		<b>2,333</b>	<b>3,869</b>	<b>1,544</b>	<b>3,240</b>
<b>Cash flows from investing activities</b>					
Interest received		34	14	34	14
Purchase of Investments in subsidiaries	8	(505)	(2,504)	(505)	(2,504)
Cash acquired as part of acquisition		-	165	-	-
Purchase of plant, property and equipment	9	(28)	(266)	(28)	(266)
<b>Net cash flows from investing activities</b>		<b>(499)</b>	<b>(2,591)</b>	<b>(499)</b>	<b>(2,756)</b>
<b>Cash flows from financing activities</b>					
Dividends paid	6	(223)	(216)	(223)	(216)
<b>Net cash flows from financing activities</b>		<b>(223)</b>	<b>(216)</b>	<b>(223)</b>	<b>(216)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,610</b>	<b>1,062</b>	<b>822</b>	<b>268</b>
Cash and cash equivalents at the beginning of the period		10,383	9,321	9,589	9,321
<b>Cash and cash equivalents at the end of the period</b>		<b>11,993</b>	<b>10,383</b>	<b>10,411</b>	<b>9,589</b>



# NOTES TO THE FINANCIAL STATEMENTS

## GENERAL INFORMATION

Gemserv Limited, a private company limited by shares, is incorporated in England (registered number 4419878).

The address of the registered office is 8 Fenchurch Place, London, EC3M 4AJ. The principal activity is the provision of professional consultancy services.

## 1. ACCOUNTING POLICIES

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

## TRIENNIAL REVIEW

The Group and Company have applied FRS 102 (March 2018) in these financial statements, which includes the amendments as a result of the Triennial Review 2017. There has been no material effect of the adoption of these amendments.

## PARENT COMPANY DISCLOSURE EXEMPTIONS

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available to qualifying entities:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- Disclosures in respect of the parent company's income, expense, net gains and net losses on financial instruments measured at amortised cost have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

## BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The principal accounting policies that have been applied consistently by all Group companies to all periods presented in these consolidated financial statements are set out below.

## FOREIGN CURRENCIES

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

Transactions during the period are translated at the rate of exchange ruling at the date of the transaction.

## GOING CONCERN

Gemserv has a sound financial record including strong operating cash flows derived from recurring revenues across a range of contracts. While the full impact of COVID-19 is not yet known, at the time of the approval of the financial statements the majority of the Group's revenue-generating activities are continuing, underpinned by long-term contracts, and there has been no indication of issues with clients' ability to pay on a timely basis. Management has assessed the impact on operations and has implemented proportionate cost-reduction measures. The Group continues to have a robust cash position and management has taken steps to preserve this. Therefore, the Board confirms that, after making appropriate enquiries, it is of the opinion that the Group has adequate resources to meet its obligations and continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing these accounts.

## CONSOLIDATION

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not included its individual statement of comprehensive income.

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Intra group transactions are eliminated on consolidation. All subsidiaries prepare financial statements to 31 March.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

## CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S POLICIES

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

An estimate has been made by management as to the additional contingent consideration that will become due on the purchase of ASE Consulting Limited and Aproz Risk Limited. This has been included as part of the fair value of the consideration of used to calculate the value of the investment in the company's accounts and in the calculation of goodwill for the group.

## REVENUE

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

## CURRENT AND DEFERRED TAXATION

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

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

The Company has made claims for Research and Development tax credits, the benefits of which are uncertain until such time as they are approved by H.M.Revenue & Customs. Due to this level of uncertainty,

the Company only recognises such credits once any benefit has been received, however, this approach can lead to significant adjustments in respect of prior periods.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

## OPERATING LEASES

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

## GOODWILL

Goodwill arising on consolidation represents the excess of the fair value of consideration transferred over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of subsidiaries at the date of acquisition. Goodwill is subsequently amortised over its estimated useful life of 10 years. If the recoverable amount of the cash generating unit is less than the carrying amount of the investment, the impairment to the related goodwill is recognised in profit or loss.

## INTANGIBLE FIXED ASSETS

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

- Software: 3-5 years

## TANGIBLE FIXED ASSETS

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

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

## INVESTMENTS

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

## PROVISIONS

Provision is made in areas where the Directors believe there is a constructive obligation which is more than likely to be settled with an economic outflow. The amount provided for is based upon their best estimate of the amount to be settled.

## FINANCIAL INSTRUMENTS

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

## PENSION COSTS

The Company operates a defined contribution scheme. Contributions are charged in the profit and loss account in the period in which the related service is provided.

## 2. REVENUE

### REVENUE BY GEOGRAPHIC AREA IS AS FOLLOWS:

	2020 £'000	2019 £'000
UK	26,135	23,773
Rest of Europe	682	283
Rest of World	39	-
	<b>26,856</b>	<b>24,056</b>

All revenue is derived from the rendering of services.

## 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

Depreciation and Amortisation of Fixed Assets	598	448
Staff costs (see note 4)	14,454	12,451
Foreign exchange gain	(4)	-
Payments under operating leases	617	569
Pension payments to defined contribution pension schemes	771	551

Auditor's remuneration:

Audit services	50	43
Non-audit services	23	18
	<b>73</b>	<b>61</b>

## 4. STAFF COSTS

Staff costs (including directors' remuneration) during the year amounted to:

Wages and salaries	12,259	10,561
Social security costs	1,424	1,339
Pension costs	771	551
	<b>14,454</b>	<b>12,451</b>

The average numbers of directors and permanent staff employed during the year were:

	NO.	NO.
Non-Executive Directors	4	4
Executive Directors	3	2
Permanent Staff	204	180
	<b>211</b>	<b>186</b>





DIRECTORS’ REMUNERATION

The total amount of Directors’ remuneration and other benefits was £678k (2019: £612k). The remuneration of the highest paid Director was £272k including £13k pension contribution (2019: £178k including £11k pension contribution). Pension contributions for the Directors amounted to £35k (2019: £26k). During the financial year 3 (2019: 3) Directors accrued benefits within the Gemserv defined contribution scheme

Alex Goody has a season ticket loan in accordance with the Company’s normal terms for staff. The amount advanced in the year was £2,900. The amount outstanding at the end of the year was £967.

KEY MANAGEMENT REMUNERATION

The total amount of key management remuneration and other benefits was £2.0m (2019: £1.5m). The Management Team consists of senior managers who have responsibility for business operations. This includes the Executive Directors.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2020 £'000	2019 £'000
ANALYSIS OF TAX CHARGE FOR THE PERIOD		
UK corporation tax on profits of the period	521	487
Adjustments in respect of R&D tax credit for prior years	(121)	-
Foreign Taxation	11	-
Total current tax	411	487
Deferred Tax		
Origination and reversal of timing differences	18	9
Tax on profits on ordinary activities	429	496
Factors affecting tax charge for the period		
Profit before tax	2,541	2,486
Tax on profits on ordinary activities at standard Corporation Tax rate	483	472
Effects of:		
Expenses not deductible for tax	69	3
Fixed asset timing differences	-	41
Adjustments in respect of prior periods (deferred tax)	5	(2)
Adjustments in respect of prior periods	(121)	1
Other movements	(7)	(19)
Tax on profits on ordinary activities	429	496

6. DIVIDENDS

	2020 £'000	2019 £'000
Amounts recognised as distributions to ordinary shareholders in the year:		
Final 2019 ordinary dividend of 97.06p (2018: 93.87p) per share paid in the year	223	216
	223	216
Amounts not recognised as distributions to ordinary shareholders in the year:		
Proposed final 2020 ordinary dividend of 100.56p (2019: 97.06p) per share	232	223
	232	223

The proposed final 2020 ordinary dividend is subject to approval by shareholders at a General Meeting and has not been included as a liability in these financial statements, in accordance with FRS 102.

7. INTANGIBLE FIXED ASSETS GROUP

	GOODWILL £'000	SOFTWARE £'000	TOTAL £'000
COST			
At 1 <sup>st</sup> April 2019	2,892	101	2,993
Additions	90	-	90
At 31 <sup>st</sup> March 2020	2,982	101	3,083
AMORTISATION			
At 1 <sup>st</sup> April 2019	169	101	270
Charge for the year	292	-	292
At 31 <sup>st</sup> March 2020	461	101	562
NET BOOK VALUES			
At 31 <sup>st</sup> March 2020	2,521	-	2,521
At 31 <sup>st</sup> March 2019	2,723	-	2,723



7. INTANGIBLE FIXED ASSETS COMPANY

	GOODWILL	SOFTWARE	TOTAL
	£'000	£'000	£'000
<b>COST</b>			
At 1 <sup>st</sup> April 2019	-	101	101
Transfer	2,892	-	2,892
Additional contingent consideration	90	-	-
At 31 <sup>st</sup> March 2020	2,982	101	2,993
<b>AMORTISATION</b>			
At 1 <sup>st</sup> April 2019	-	101	101
Transfer	169	-	-
Charge for the year	292	-	292
At 31 <sup>st</sup> March 2020	461	101	562
<b>NET BOOK VALUES</b>			
At 31 <sup>st</sup> March 2020	2,521	-	2,521
At 31 <sup>st</sup> March 2019	-	-	-

The transfer to goodwill has arisen as a result of the hive up of the value of ASE Consulting Limtied and Aprose Risk Limited into Gemserv Limited as per note 8.

8. INVESTMENTS

This group has no investments.

COMPANY

On 11th September 2018 the Company purchased 100% of the voting rights and issued share capital of ASE Consulting Limited and Aprose Risk Limited, companies incorporated in England & Wales, specialising in digital transformation and cyber security consultancy. The registered office for both companies is 8 Fenchurch place, London, EC3M 4AJ.

<b>Consideration</b>	<b>£'000</b>
Satisfied by cash	2,504
Contingent consideration	901
<b>Total Consideration</b>	<b>3,405</b>
Additional contingent consideration	90
<b>Total Consideration</b>	<b>3,495</b>
At 1st April 2019	3,405
Adjustment for hive up	(3,405)
At 31st March 2020	-

Following the TUPE transfer of all ASE Consulting Limited and Aprose Risk Limited employees on 1 April 2019 the value of the investment in these companies is deemed to have been hived up into Gemserv Limited. The enduirng value is reflected by the Goodwill value in note 7.

Net Assets acquired were as follows

Trade and other receivables	770
Cash and cash equivalents	165
Trade and other payables	(422)
<b>Net Assets</b>	<b>513</b>
<b>Goodwill arising on acquisition (note 7)</b>	<b>2,982</b>

Gemserv Limited owns 100% of the share capital of Gemserv Ireland Limited, registered address Fitzwilliam Hall Business Centre, Fitzwilliam Place, Dublin, Ireland. The investment is valued at £nil (2019: nil)

Gemserv Limited owns 100% of the share capital of Red Island Consulting Limited, registered address 8 Fenchurch place, London, EC3M 4AJ, a dormant subsidiary. The investment is valued at £nil (2019: nil)



## 9. TANGIBLE FIXED ASSETS GROUP AND COMPANY

	LEASEHOLD IMPROVEMENTS	OFFICE & COMPUTER EQUIPMENT	OFFICE FURNITURE	TOTAL
	£'000	£'000	£'000	£'000
<b>COST</b>				
At 1st April 2019	846	311	294	1,451
Additions	-	28	-	28
Disposals	-	(45)	-	(45)
At 31st March 2020	846	294	294	1,434
<b>DEPRECIATION</b>				
At 1st April 2019	536	160	208	904
Charge for the year	167	106	33	306
Disposals	-	(45)	-	(45)
At 31st March 2020	703	221	241	1,165
<b>NET BOOK VALUES</b>				
At 31st March 2020	143	73	53	269
At 31st March 2019	310	151	86	546

## 10. DEBTORS

	2020 GROUP £'000	2019 GROUP £'000	2020 COMPANY £'000	2019 COMPANY £'000
Trade receivables	4,165	3,192	3,589	2,700
Amounts owed by group undertakings	-	-	588	46
Other debtors	35	103	35	101
Prepayments and accrued income	734	1,749	681	1,714
	4,934	5,044	4,893	4,561

Trade receivables, amounts owed by group undertakings, other debtors and accrued income are carried at amortised cost.

## 11. CASH EQUIVALENTS

Cash at bank	2,532	2,512	2,532	2,512
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The deposit of £2,532k (2019: £2,512k) can be released early by giving 95 days' notice to the Group's bankers.

## 12. CASH AT BANK AND IN HAND

Gemserv bank accounts	9,461	7,871	7,879	7,077
	9,461	7,871	7,879	7,077

## 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade payables	697	701	631	558
Other creditors	351	168	351	87
Deferred Consideration	486	505	486	505
Other tax and social security	797	1,026	713	874
Corporation tax	580	512	470	466
Accruals and deferred income	4,454	4,977	4,333	4,832
	7,365	7,889	6,984	7,322

Trade payables, amounts owed to group undertakings, other creditors and accruals included above are carried at amortised cost.

## 14. CREDITORS: AMOUNTS FALLING DUE IN GREATER THAN ONE YEAR

Deferred Consideration	-	396	-	396
	-	396	-	396

Of the original £901k contingent consideration in note 8 £396k would have been payable in the financial year ending 31 March 2021 and is presented as part of other creditors above.

## 15. DEFERRED TAXATION

	2020 GROUP £'000	2019 GROUP £'000	2020 COMPANY £'000	2019 COMPANY £'000
Fixed asset timing differences	9	31	5	33
Short term timing differences	(1)	(8)	(1)	(8)
Losses carried forward	-	(34)	-	-
<b>Deferred tax (asset)/liability</b>	<b>8</b>	<b>(11)</b>	<b>4</b>	<b>25</b>

The movement during the year is analysed as follows:

Balance at 1 April 2019	(11)	26	25	26
Deferred tax arising on acquisition	-	(46)	-	-
Deferred tax charged in the statement of comprehensive income	19	9	(21)	(1)
<b>Balance at 31 March 2020</b>	<b>8</b>	<b>(11)</b>	<b>4</b>	<b>25</b>

16. DILAPIDATION PROVISION

Included in the accounts is a provision of £171k (2019: £141k) for dilapidations. The current lease to which this dilapidation provision relates will expire in May 2024.

17. SHARE CAPITAL

	2020 £'000	2019 £'000
GROUP AND COMPANY		
Authorised		
500,000 Ordinary shares of £1 each (2019: 500,000)	500	500
Called up, issued and fully paid		
230,258 Ordinary shares of £1 each (2019: 230,258)	230	230

18. FINANCIAL COMMITMENTS

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

	2020 £'000	2019 £'000
Due within one year	569	569
Due within two to five years	1,792	2,278
Due after more than five years	-	83

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

19. PENSION SCHEME

The Group operates defined contribution schemes. The charge for the year of £771k (2019: £551k) represents contributions payable to the schemes in respect of the year ended 31<sup>st</sup> March 2020.

20. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption given by section 33 of FRS 102 and has therefore not given details of transactions with its wholly owned subsidiaries of the Gemserv Group.

21. CONTROLLING PARTY

There is no one controlling party.





# Gemserv

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