

**BUSINESS SYSTEMS GROUP HOLDINGS PLC
REPORT AND ACCOUNTS**

FOR THE YEAR ENDED

31 MARCH 2009

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Company no 2923809

BUSINESS SYSTEMS GROUP HOLDINGS PLC

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BUSINESS SYSTEMS GROUP HOLDINGS PLC

OFFICERS AND PROFESSIONAL ADVISORS

Company registration number: 2923809

Registered office: BSG House
226-236 City Road
London
EC1V 2TT

Directors: N Gerard
V Murria
M Watts
B Firth

Secretary: H Lowe

Bankers: Barclays Bank plc
Level 26
1 Churchill Place
London
E14 5HP

Solicitors: Berwin Leighton Paisner
Adelaide House
London Bridge
London
EC4R 9HA

Auditors: Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

BUSINESS SYSTEMS GROUP HOLDINGS PLC

DIRECTORS' REPORT

The Directors present their report and financial statements for the year ended 31 March 2009.

PRINCIPAL ACTIVITIES

The Group is an IT managed services provider offering business solutions, products and services throughout the entire technology lifecycle.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

On 12 June 2009 an offer by Advanced Computer Software plc to purchase the entire share capital of the parent company, Business Systems Group Holdings plc went wholly unconditional.

A detailed account of the Group's progress during the year and future prospects are set out below.

BUSINESS REVIEW

Strategy

BSG's consistent strategy has been to build its contracted revenue base through the provision of a variety of managed services whilst simultaneously running profitable product supply (Hardware) and application development (Solutions) businesses. Therefore BSG had previously organised itself into three lines of business: Managed Services, Solutions and Hardware. Irrespective of the division, BSG's aim is to design, deploy and operate all the solutions it provides to its customers, reflecting the belief that shareholder value is best enhanced by contractual revenues through support agreements.

On 30 June 2009 BSG outsourced its Hardware business to BT Engage IT Limited in order to concentrate on its core Managed Services and Solutions businesses.

BSG's differentiator is the skills of its staff, which cover many technologies but crucially cover the entire range from analysis of business issues to application development and management. Consequently BSG is uniquely positioned to service all the IT needs of medium sized businesses.

Overall Performance

BSG had another year of steady improvement, moving back into operating profit for both halves of the financial year. The full year result of a profit before tax of £1,330k compared to £925k for the previous year. The continued growth in managed services drove gross margins up from 20.8% to 21.6%. EBITDA was £1,781k.

Contractual revenue growth remains the most important KPI. This grew again, with the annualised value of all contracts at the year end having grown to £9.7m from £8.4m a year before.

Divisional Performance

Managed Services

Managed Services is the most important part of the Group as it consists mainly of contracted revenues. Managed Services are where BSG takes responsibility for selected IT services for a customer, managing the delivery of those services in their entirety. While typically these services have included service desk, maintenance and application management, they now usually entail an element of data centre service provision – either in BSG's data centre or via the customer's own facilities accessed remotely by BSG.

These services are characterised by contracts of between three and five years, which are governed by service level agreements (SLAs), and which attract higher margins than simple provision of hardware. The Group's medium term goal is to generate over 50% of overall gross profit from these services, and ultimately cover all fixed costs.

BSG's preference is to design and deploy the technology behind the service prior to commencing the operating contract. This enables the Group to bring to bear its expertise in creating highly reliable and resilient designs that deliver the highest service levels at the lowest cost. This heightens customer satisfaction, while expanding margins and leveraging existing BSG skills and investment.

The Group has seen continued growth in Managed Services revenues over the year with annualised contracted revenues growing by 15.4% to £9.7m as at 31 March 2009, from £8.4m a year earlier. The services business represented 32.1% of Group revenues for the year and 49.5% of Group gross margin. Services are the largest

DIRECTORS' REPORT

contributor to the Group's gross profit, and continue to grow faster than the other parts of the Group. The business achieved an average gross margin for the year of 33.3%.

While BSG can perform all the functions of the IT department of a medium sized business, in pitching its Managed Service offering to potential customers BSG leads with the concept of picking up the everyday running issues, or "utility" computing tasks, as we describe them. This is because complete outsourcing is a major decision for an organisation and can have a very prolonged sales cycle, while out-tasking its more routine jobs offers immediate benefit to an IT department and has fewer barriers to sale. BSG defines an IT operation as being "utility" if it is something of which an organisation would not inform its customers if it changed it. For example, most companies would not bother to tell its customers if it changed its email package from one provider to another. We would conclude that this was a "utility" application, and suggest that the supply and support of email should most efficiently be delivered by an expert on a user by user tariff with an SLA. This then enables the IT department to concentrate on delivering enhancements to those IT elements which most directly add to the competitiveness of the company in its chosen marketplace.

The Group has developed a marketing programme from its experience of the market over the last few years. There are three main streams of activity. Firstly, a series of "master classes" led by industry experts on the latest thinking and trends in technology and its support. The objective of these is to engage potential customers in thinking how to get the greatest value out of their IT department, by considering how they can best advantage their company by strategically considering what should be done in-house and what should be out-tasked. Secondly, prospects which are further down the decision-making path are sought through a focused internet search-word campaign. Finally, customers from elsewhere in the Group are approached with the "utility" computing message as part of an up-selling process.

Hardware

The business of the Hardware Division was to help customers to specify their infrastructure solutions in a vendor independent way, ensuring they received the best advice, information and pricing available in the market, and then supply that equipment. BSG supplied equipment, both hardware and software, from a wide range of major vendors including HP, Sun, IBM, Cisco and Microsoft. Revenue grew 12.2% to £20,452k and gross margin grew to £2,435k.

The outsourcing of this business to BT Engage IT Limited allows BSG customers to benefit from greater scale, breadth of portfolio and efficiencies of BT Engage IT, while continuing to enjoy the highly focused services delivered by BSG.

Solutions

The Solutions division, which develops software applications for customers, has had another excellent year. As is repeated across the Group, this division aims to do more than just execute projects to a customer requirement. Using business analysts the team designs a business solution, which the technical architects use to design a technical solution. Then using off-shore partners in typically India, China or South Africa, the application is coded, or "deployed". Finally, the intention is to support, or "operate", the application to a SLA from the UK. The commercial benefit of this model is that BSG is able to leverage the scale of its off-shore partners, while maintaining a modest fixed costs base. The management team is targeted at winning sufficient support revenues to cover the fixed cost of the division.

Revenues were flat at £3,042k and gross margin grew to £1,352k.

Administrative Expenses

Growth in administrative expenses reflected the growth of the business.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

DIRECTORS' REPORT

Principal risk and uncertainties

The Board considers the following to be the principal risks and uncertainties faced by the company:

Reputational risk through service delivery failure – As a managed services provider, BSG is responsible for mission critical applications for its customers. BSG mitigates this risk by re-enforcing a strong customer service ethic within its workforce, focussing its efforts on producing a quality service for its clients and investing in appropriate tools and infrastructure.

Shortage of skilled employees – As with any service organisation, BSG's core asset is its team of dedicated staff and their skills. The demand for such people is strong, not only from competitors but also from in-house IT departments. BSG seeks to maintain high levels of staff retention by offering a challenging and rewarding work environment. This is done via competitive remuneration, on-going development and a staff-wide share option scheme.

Key performance indicators

The Board measures progress on the chosen strategy by monitoring certain key performance indicators. These are:

- Annualised value of contractual revenues at the half and full year ends

This measure is defined as the monthly value of all contractual revenues at the period end multiplied by twelve. Growth in this number is the primary measure of the success of the Group's strategy. The medium term target of the Group is £12m.

- Gross margin percentage for the Group

This measure is defined as gross profit divided by revenue. The gross margin should rise as the proportion of the Group's business from higher margin services increases.

Cash flows and working capital management

BSG maintains a strong balance sheet, with £10.5m of unencumbered cash at 31 March 2009, up from £9.3m at 31 March 2008. This reflects the profitability of the Group during the year and tight working capital management.

Capital expenditure of £652k in the year was almost entirely driven by the purchase of equipment to support new customers in Managed Services.

The Group manages its working capital in order to maximise interest income and provide funding for the Group's investment plans. The Hardware Division had required more working capital than the other divisions due to the seasonal nature of large orders from some customers. The Managed Services Division had the largest requirement for investment in plant and equipment in developing its offers and setting up services for customers. On the other hand, Managed Services also provides high gross margins and predictable revenues.

RESEARCH AND DEVELOPMENT

Group expenditure on research and development for the year was £nil (2008: £nil).

DIVIDENDS AND DIVIDEND POLICY

Following acquisition of the company the Board is not recommending a final dividend (2008: 0.4p).

SHARE CAPITAL

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 17. The Company has one class of ordinary share which carry no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

DIRECTORS' REPORT

There are no specific restrictions on the size of a holding or on the transfer of shares which are both governed by the general provisions of the articles of Association and prevailing legislation.

Details of the employee share scheme are set out in note 7.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Companies Act and related legislation. The Articles may be amended by special resolution of the shareholders. The business of the Company is managed by the Board who may exercise all the powers of the Company subject to the provision of the Articles of Association, the Company Act and any special resolution of the Company.

No person has any special rights of control over the Company's share capital and all issued share are fully paid. Under its Articles of Association the Company has authority to issue 104,000,000 ordinary shares.

DIRECTORS AND THEIR INTERESTS

N Gerard, V Murria and J Wheaton served as Directors throughout the year.

J Wheaton resigned from the Board on 1 July 2009 and M Watts was appointed on the same day.

B Firth was appointed on 1 September 2009.

Further details relating to Directors' shareholdings are given in note 6 to the financial statements.

The Directors had no interests in the shares of the Company's subsidiaries.

MATERIAL INTERESTS

As of 12 June 2009 the Company became a subsidiary of Advanced Computer Software plc.

DONATIONS

The Group made charitable donations of £350 during the year (2008: £3,740). It made no political donations (2008: nil).

POST YEAR END EVENTS

- On 8 May 2009 Advanced Computer Software plc made an offer to purchase the entire share capital of the Company, and this offer went wholly unconditional on 12 June 2009.
- On 30 June 2009 the Company outsourced the supply of hardware and packaged software to its customers to BT Engage IT for a three year exclusive period.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

DIRECTORS' REPORT

ACQUISITION OF THE COMPANY'S OWN SHARES

At the end of the year, the Directors had authority under the shareholders' resolutions of 8 August 2008 to purchase through the market 12,619,026 of the Company's ordinary shares at prices up to 105% of the average middle market quotation for the ordinary share as derived from the AIM market for the five business days immediately preceding the day on which the ordinary shares are purchased. The authority expires at the conclusion of the next AGM or 18 months from the date of passing.

During the year no shares were purchased by the Company.

OWN SHARES HELD

The Company held 6,216,340 of its own shares (2008: 6,216,340) in treasury. As at 31 March 2009, the total number of Ordinary Shares in issue less the total number of Ordinary Shares held in treasury following the purchase and non-cancellation of such Ordinary Shares was 77,966,625 Ordinary Shares (2008: 77,966,625).

EMPLOYEE INVOLVEMENT

Regular meetings are held between managers and employees to discuss topical issues and the prospects of the Group. Opportunity is given at these meetings for senior executives to be questioned about matters which concern the employees. Information about the Group is disseminated to employees across the Group's intranet.

The Group also remains committed to the training and development of its personnel given the importance of staff retention to its ongoing success.

Employees participate directly in the success of the Group through participation in the Group's share scheme.

EMPLOYMENT OF DISABLED PERSONS

The Group applies employment policies whereby applications for employment by disabled persons are given full and fair consideration for all vacancies, having regard to their particular aptitudes and abilities. Where existing employees become disabled it is the Group's policy, wherever practicable, to provide continuing employment under normal terms and conditions.

SUPPLIER PAYMENT POLICY

It is the Group's policy that payments to suppliers are made in accordance with those terms and conditions agreed between Group companies and their suppliers based upon the timely receipt of an accurate invoice. Trade creditor days of the Group as at 31 March 2009 were 30 (2008: 30) calculated in accordance with the requirements of the Companies Act 1985. The holding company, Business Systems Group Holdings plc, does not have any trade creditors (2008: none).

TREASURY AND FINANCIAL RISK MANAGEMENT

The Group's financial instruments comprise cash and trade receivables and payables arising directly from its operations. The Group's policy is that no trading in financial instruments, derivatives or speculative contracts is undertaken.

The main risks arising from the Group's financial instruments are liquidity, interest and credit risk. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from the previous year.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

DIRECTORS' REPORT

Liquidity and Interest Rate Risk Management

The Group finances its operations through retained earnings in combination with the unencumbered cash on its balance sheet.

Cash balances have been invested in AAA rated liquidity funds or placed directly with banks for periods of up to six months. Deposits placed directly with banks are at fixed rates of interest while those invested in liquidity funds accrue interest at varying rates.

The fair value of cash invested in liquidity funds and bank deposits is equal to book value.

While a proportion of cash may be placed for fixed terms, the majority of the Group's funds are invested in immediately realisable funds so as to ensure that sufficient liquidity is always maintained.

Foreign Currency Risk Management

The Group has no material exposure to assets or liabilities denominated in foreign currencies.

Credit Risk Management

In order to manage risk on trade receivables, the Directors set limits for customers based on a combination of payment history and data from third party credit agencies. Aged debt is reviewed weekly and credit limits are revised periodically in conjunction with collection history.

The Group's normal terms on trade receivables are for receipt of payment within 30 days of invoice and the Group retains title to equipment supplied until the relevant balance is received. At the year end the Group's trade receivables balance was £4,168k, all balances were reviewed and no material provision against collection was considered necessary. The largest debtor represented less than 10% of the Group's outstanding year end receivables.

TAXATION

The Group's statutory rate of taxation is 28% (2008: 30%). The Group has not incurred any current taxation in the year due to the losses available for relief. It has recognised a deferred tax asset resulting in a tax credit of £1,238k being reflected in the income statement.

AUDITORS

Following the takeover of the Company it has been agreed that the Company will align with the new ACS Group structure and adopt the same auditors. Therefore Grant Thornton UK LLP have expressed their willingness to resign as auditors to the Company and will cease to hold office at the end of their appointed term (the conclusion of the next general meeting at which the accounts are laid before the Company). A resolution has been included in the Notice of the Meeting to appoint BDO Stoy Hayward LLP as auditors to the Company.

GOING CONCERN BASIS

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors continue to adopt the going concern basis in preparing the financial statements.

ANNUAL GENERAL MEETING

The Notice of the Meeting contained on page 41 includes no items of special business.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

DIRECTORS' REPORT

Details of Directors

Nick Gerard (age 50), Chief Executive Officer

Nick began his career within the IT industry in 1982 with Chas White & Son Limited as a manager delivering IT Solutions. In 1987 he founded BSG with Phil Buckingham, and has since devoted himself full time to developing the Group. Nick is primarily responsible for the strategic direction of the Group and is a member of the audit and remuneration committees.

In accordance with the Company's Articles of Association, Nick retires by rotation and, being eligible, offers himself for re-election at the AGM.

Vin Murria (age 46), Director

Vin has over 20 years experience of working for venture capital, private equity and publicly listed companies focussed on the IT sector. During this time, Vin has held a number of senior positions, including Chief Executive Officer of Computer Software Group plc, which was taken private in May 2007, merged with IRIS in July 2007 and subsequently sold.

Vin is a partner at Elderstreet Capital, and was formerly European Chief Operating Officer for Kewill Systems Plc and Chairman of Leeds Group Plc. She remains a director and advisor to a number of companies, including Concateno plc, Innovise Plc and Mediasurface plc. Vin is a member of the audit and remuneration committees.

Mark Watts (age 35), Director

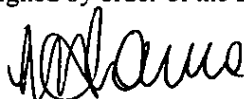
Mark has been advising the boards of UK public companies since 1998. As a management consultant, he was responsible for strategic development projects for international clients including Ford Motor Company (US), Cummins (Japan) and 3M (Europe). In the UK, Mark undertook financial analysis and modelling projects for Barclays Bank, Shell and BP. At Marwyn, Mark and James Corsellis have undertaken 50 transactions, raising an aggregate equity of close to £1 billion in acquisition funding for Marwyn-backed management teams and special purpose acquisition vehicles from 2002 to date. He is a Managing Partner in Marwyn Capital LLP and Marwyn Investment Management LLP as well as a Director of portfolio companies Melorio plc, Silverdell plc, Praesepe plc, Entertainment One Ltd, and Advanced Computer Software plc (formerly Drury Lane plc). Mark was also a director of Inspicio plc and Talarius plc.

Barbara Firth (age 56), Director

Barbara has considerable experience in senior managerial and financial roles and was previously Chief Financial officer of Computer Software Group plc, where she worked closely with Vin Murria and Michael Jackson until the merger with IRIS in 2007. For the two years following the merger Barbara was the Acquisitions and Integration Director of the combined group. Prior to joining Computer Software Group plc in 2000, Barbara was UK CFO for Roberts Pharmaceuticals Inc. and a senior member of the Roberts/Shire merger task force in 1999.

Approved by the Board of Directors

and signed by order of the Board



H Lowe
Secretary

28 October 2009

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 consolidated financial statements of the Group in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union, and parent company financial statements in accordance with UK Generally Accepted Accounting Practice (GAAP). The financial statements are required by law to give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable IFRSs and UK GAAP have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

H Lowe
Secretary



BUSINESS SYSTEMS GROUP HOLDINGS PLC

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BUSINESS SYSTEMS GROUP HOLDINGS PLC

We have audited the group financial statements (the "financial statements") of Business Systems Group Holdings plc for the year ended 31 March 2009 which comprise the principal accounting policies, the consolidated income statement, the consolidated statement of changes in equity, the consolidated balance sheet, the consolidated cash flow statement and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Business Systems Group Holdings plc for the year ended 31 March 2009.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and IFRS as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BUSINESS SYSTEMS GROUP HOLDINGS PLC

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS**

LONDON
28 October 2009

BUSINESS SYSTEMS GROUP HOLDINGS PLC

CONSOLIDATED INCOME STATEMENT Year ended 31 March 2009

	Note	2009 £'000	2008 £'000
REVENUE	2,3	34,637	31,427
Cost of sales		(27,137)	(24,891)
GROSS PROFIT	3	7,500	6,536
Administrative expenses		(6,625)	(6,120)
OPERATING PROFIT	4	875	416
Finance income	8	455	509
PROFIT BEFORE TAXATION	3	1,330	925
Taxation	9	1,238	-
PROFIT FOR THE YEAR		2,568	925
Basic earnings per share	11	3.31p	1.22p
Diluted earnings per share	11	3.26p	1.18p

All results are derived from continuing operations.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2009

	Share Capital £'000	Own Shares Held £'000	Retained Earnings £'000	EBT Reserve £'000	Total £'000
Balance at 1 April 2007	4,209	(872)	4,255	(93)	7,499
Changes in equity for 2008					
Profit for the year	-	-	925	-	925
Total recognised income and expense for the year	-	-	925	-	925
Share-based payment	-	-	13	-	13
Movement in reserves from EBT redemptions	-	-	(40)	46	6
Sales of own shares held	-	123	(39)	-	84
Balance at 31 March 2008	4,209	(749)	5,114	(47)	8,527
Changes in equity for 2009					
Profit for the year	-	-	2,568	-	2,568
Total recognised income and expense for the year	-	-	2,568	-	2,568
Dividends	-	-	(312)	-	(312)
Movement in reserves from EBT redemptions	-	-	(6)	26	20
Share-based payment	-	-	16	-	16
Balance at 31 March 2009	4,209	(749)	7,380	(21)	10,819

BUSINESS SYSTEMS GROUP HOLDINGS PLC

CONSOLIDATED BALANCE SHEET

31 March 2009

	Note	2009 £'000	2008 £'000
NON-CURRENT ASSETS			
Deferred tax	9	1,238	-
Property, plant and equipment	12	1,274	1,534
		<u>2,512</u>	<u>1,534</u>
CURRENT ASSETS			
Inventories	13	169	95
Trade and other receivables	14	5,813	5,784
Cash and cash equivalents		10,488	9,331
		<u>16,470</u>	<u>15,210</u>
CURRENT LIABILITIES			
Trade and other payables	15	(8,163)	(8,217)
		<u>8,307</u>	<u>6,993</u>
NET CURRENT ASSETS			
		<u>10,819</u>	<u>8,527</u>
NET ASSETS			
EQUITY			
Share capital	17	4,209	4,209
Own shares held		(749)	(749)
Retained earnings		7,380	5,114
EBT reserve		(21)	(47)
		<u>10,819</u>	<u>8,527</u>
TOTAL EQUITY			

These financial statements were approved by the Board of Directors on 28 October 2009.

Signed on behalf of the Board of Directors



N Gerard

Director

BUSINESS SYSTEMS GROUP HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT Year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Cash flows from operating activities			
Profit after taxation		2,568	925
Adjustments for :			
Depreciation	12	906	692
Share-based payment	4	16	13
Interest income	8	(455)	(509)
Deferred Tax	9	(1,238)	-
Profit on disposal of equipment		(3)	-
Decrease in provisions	16	-	(150)
Operating cash flows before movement in working capital		1,794	971
(Increase)/decrease in inventories		(74)	46
(Increase)/decrease in trade and other receivables		(29)	434
(Decrease)/increase in trade payables		(55)	28
Cash generated from operations		<u>1,636</u>	<u>1,479</u>
Income taxes paid		-	-
Net cash inflow from operating activities		<u>1,636</u>	<u>1,479</u>
Cash Flows from Investing Activities			
Interest received	8	455	509
Proceeds on disposal of property, plant and equipment		9	-
Purchases of property, plant and equipment	12	(652)	(991)
Net cash used in investing activities		<u>(188)</u>	<u>(482)</u>
Cash Flows from Financing Activities			
Dividends paid		(311)	-
Proceeds of sale of shares from EBT		20	6
Proceeds of sale of shares from Treasury		-	84
Net cash (used)/generated in financing activities		<u>(291)</u>	<u>90</u>
Net increase in cash and cash equivalents		<u>1,157</u>	<u>1,087</u>
Cash and cash equivalents at beginning of period		<u>9,331</u>	<u>8,244</u>
Cash and cash equivalents at end of period		<u>10,488</u>	<u>9,331</u>

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2009

1. GENERAL INFORMATION

Business Systems Group Holdings plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is 226-236 City Road, London, EC1V 2TT.

2. ACCOUNTING POLICIES AND BASIS OF PREPARATION

These consolidated financial statements are for the year ended 31 March 2009. They have been prepared in accordance with IFRSs (International Financial Reporting Standards) adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) interpretations as at 31 March 2009.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements under IFRS requires the Board to make judgements, estimates and assumptions that affect the application of accounting policies, the reported amounts of balance sheet items at the period end and the reported amount of revenue and expense during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements that are not readily apparent from other sources. However, the actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

The recognition of revenue and profit on projects which span the period end constitutes the main area of judgement exercised by the Board in respect of the Group's results. The Board has relied on its experience and that of the teams involved and project management methodologies used by the business to estimate the final outcome of each project, and to recognise the appropriate portion for the period.

Additionally the Board exercises judgement in assessing the extent to which a deferred tax asset is recognised at the year end, based on the probability that future profit will be available to utilise the asset.

New standards and interpretations currently in issue but not effective for accounting periods commencing on 1 April 2008 are:

- a. IAS 1 Presentation of Financial Statements (revised 2007)
- b. IAS 23 Borrowing Costs (revised 2007)
- c. Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
- d. IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
- e. Amendment to IFRS 2 Share-based Payment - Vesting Conditions and Cancellations
- f. Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements - Costs of Investment in a Subsidiary, Jointly Controlled Entity or Associate
- g. Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items
- h. Group Cash-settled Share-based Payment Transactions - Amendment to IFRS 2
- i. Amendment to IFRS 7 Financial Instruments: Disclosures - Improving Disclosures About Financial Instruments
- j. Embedded Derivatives - Amendments to IAS 39 and IFRIC 9
- k. Improvements to IFRSs 2008
- l. Improvements to IFRSs 2009
- m. IFRS 3 Business Combinations (Revised 2008)
- n. IFRS 8 Operating Segments
- o. IFRIC 13 Customer Loyalty Programmes
- p. IFRIC 15 Agreements for the Construction of Real Estate
- q. IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- r. IFRIC 17 Distributions of Non-cash Assets to Owners
- s. IFRIC 18 Transfers of Assets from Customers

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS **Year ended 31 March 2009**

The Directors do not believe that the implementation of these standards will have a material effect on the reported results.

Set out below are the accounting policies which the Group has adopted under IFRS, and they have been applied consistently to all periods presented.

Basis of Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain financial benefits from its activities.

The Group accounts incorporate the results of the Company and its subsidiaries, Business Systems Group Limited and Webgenerics Limited. The principal activities of the Group are the provision of managed IT services to customers, and the design and deployment of IT infrastructure solutions.

The share capital of all subsidiaries is wholly owned by Business Systems Group Holdings plc and are incorporated in Great Britain and registered in England and Wales.

Subsidiaries are consolidated from the effective date of acquisition, using the purchase method of accounting. The purchase consideration is allocated to each class of asset on the basis of fair value at the date of acquisition. Any excess purchase consideration over the fair values of the identifiable assets acquired is recognised as goodwill. Any deficiency of the purchase consideration below the fair values of the identifiable net assets acquired is credited to the income statement in the period of acquisition.

All transactions, balances, income and expenses between Group companies are eliminated in the consolidated financial statements.

Goodwill

Goodwill arising on consolidation represents the excess of the purchase consideration over the Group's interest in the fair value of the identifiable assets and liabilities of the subsidiary entity at the date of acquisition. Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Revenue recognition

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding VAT and trade discounts.

Revenue is recognised upon the performance of services or transfer of risk to the customer. Revenue from the sale of products is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, which is generally when the goods have been delivered.

Revenues from support agreements are recognised by reference to the stage of completion of the transaction at the balance sheet date. The stage of completion of each transaction is measured by reference to the documented contract between the Group and the buyer.

Project based revenue reflects the value of work performed during the period. Profit is recognised on project based contracts, if the final outcome can be assessed with reasonable certainty, by including in the income statement revenue and related costs as contract activity progresses. Revenue is calculated as that proportion of total contract value which costs bear to total expected costs for that contract.

Income not recognised in the income statement is included in the balance sheet as deferred income within accruals.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2009

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

The cost of property, plant and equipment net of estimated residual value and impairment, is depreciated in equal annual instalments over the estimated useful lives of the assets. The residual values of assets or group of like assets are reviewed annually.

The estimated useful lives of the assets are as follows:

- | | |
|------------------------------------|---------|
| • Plant and machinery | 3 years |
| • Fixtures, fittings and equipment | 4 years |
| • Motor vehicles | 4 years |

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Financial Instruments

Financial assets and liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group's financial instruments comprise cash, trade receivables and trade payables. Derivative instruments are not used by the Group and the Group does not enter into speculative derivative contracts.

Trade Receivables

Trade and other receivables are stated at their fair value, amortised using the effective interest method if applicable, less impairment losses. Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original term of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Cash and Cash Equivalents

The Group manages its short-term liquidity through holding of cash and highly liquid interest bearing deposits. Only deposits which are readily convertible into cash, and with no penalty of lost interest, are shown as cash and cash equivalents.

Trade payables

Trade and other payables are stated at fair value, amortised using the effective interest method if applicable.

Financial liabilities and equity

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

Foreign Exchange

Transactions denominated in foreign currencies are translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. These translation differences are dealt with in the income statement.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2009

Taxation

The tax charge for the periods presented comprises current and deferred tax.

Current tax is tax currently payable based on taxable profit for the period.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets and liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged directly to equity.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Operating leases and rentals paid under operating leases are charged to the income statement on a straight line basis over the shorter of the period of the lease and the estimated useful economic lives of the assets. Lease incentives received or paid are recognised in the income statement as an integral part of the total lease expense.

The Group has sub-let some office space in its London office. This income is credited to the income statement on a straight line basis over the period of the lease. The sub-leases are co-terminus with the Group's lease on the building.

Finance Income and Finance Costs

Interest income and interest payable are recognised in the income statement as it accrues, using the effective interest method.

Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2009

Own Shares Held

The cost of own shares held in treasury is deducted from shareholders' equity until the shares are cancelled or sold. The gain or loss on sale of any shares from treasury is taken directly to retained earnings.

Pension Costs

Payments made to defined contribution schemes are charged to the income statement as they accrue. Assets of the schemes are not included within the financial statements of the Group.

Share-Based Compensation

All share-based payment arrangements granted after 7 November 2002 that had not vested prior to 1 January 2005 are recognised in the financial statements. The Group issues equity settled share-based payments to most employees under the Group's share options scheme. The share option scheme allows Group employees to acquire shares of the ultimate parent company, Business Systems Group Holdings plc, and these awards are granted by this company.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted each year to reflect the actual number of share options that are expected to vest.

Employee Benefit Trust

The assets and liabilities of the Group's Employee Benefit Trust (EBT) are recognised in the financial statements where there is de facto control of those assets and liabilities.

The cost of purchasing own shares held by the EBT are shown as a deduction against equity. The proceeds from the sale of own shares held increase equity. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the income statement.

Provisions

Provision is made where the Group has a present legal or contractual obligation, which can be reliably estimated, as a result of past events and it is probable that an outflow of economic benefit will be required to settle the obligation.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises the purchase cost of materials, and is calculated using the specific identification method. Net realisable value is based on estimated selling prices less all relevant marketing, selling and distribution costs.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2009

3. BUSINESS SEGMENTATION

The Group's turnover and profit on ordinary activities are derived entirely from its principal activity. For management purposes the Group had three operating units during the period; Hardware, Managed Services and Solutions (application development). These units are the primary segments of the Group.

Solutions	3,042	3,041
Total	<u>34,637</u>	<u>31,427</u>
Gross Profit		
Hardware	2,435	2,410
Managed Services	3,713	2,892
Solutions	1,352	1,234
Total	<u>7,500</u>	<u>6,536</u>
Operating Profit		
Hardware	1,129	1,151
Managed Services	1,939	1,297
Solutions	1,051	981
Central Costs	<u>(3,244)</u>	<u>(3,013)</u>
Operating profit	875	416
Finance Income	455	509
Profit before tax for the period	<u>1,330</u>	<u>925</u>

The Group's operations are located in the United Kingdom. All Group sales originated in the United Kingdom.

The operations are integrated to such an extent that it is not practical to disaggregate the assets and liabilities of the Group into segments.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2009

4. OPERATING PROFIT

	2009 £'000	2008 £'000
Operating profit is after charging/(crediting):		
Depreciation of plant, property and equipment:	906	692
Operating lease rentals in respect of land and buildings	1,022	1,022
Auditors' remuneration:		
Non audit services: Group audit and tax fees	40	38
Audit services: Company audit fees	16	16
Profit on disposal of fixed assets	3	-
Share-based payment	16	13
Rents receivable from sublet tenants	(392)	(389)

5. STAFF COSTS

The average monthly number of employees (including Directors) was:

Number of employees	Number	Number
Sales and administration	127	133
Staff costs incurred during the year in respect of these employees were:	£'000	£'000
Wages and salaries	6,922	6,289
Social security costs	786	721
Other pension costs	212	259
	7,920	7,269

Having allocated options to all staff under the Group's EMI scheme on 11 August 2003, vesting at various points over a three year period, further awards were made to new employees in July 2008 and December 2008. It is the Company's intention to fulfil some of the requests to exercise options from the shares owned by the Employee Benefit Trust. As at 31 March 2009, the Trust owned shares 213,863 (2008: 475,436) at a nominal value of £10,693 (2008: £23,772) following the exercise of share options by certain employees during the period. This is equivalent to 2% of the issued share capital of the Company.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2009

6. DIRECTORS' REMUNERATION, INTERESTS AND TRANSACTIONS

The remuneration for the directors was as follows:

	2009 £'000	2008 £'000
Emoluments	515	366
Benefits in kind	3	2
Pension	34	64
Gains on exercise of share options	-	111
	<u>552</u>	<u>543</u>

Highest paid director:

Emoluments	240	160
Benefits in kind	3	2
Pension	28	58
	<u>271</u>	<u>220</u>

During the year two directors accrued benefits from pension contributions.

Directors' Awards under the Employee Share Scheme

	At 1 April 2008	Awarded	Exercised	Lapsed	At 31 March 2009	Exercise Price	Earliest Date of Exercise	Expiry Date
J Wheaton								
- EMI options	200,000		-	-	200,000	7.75p	15/11/03	11/08/13
- EMI options	500,000		-	-	500,000	7.75p	11/08/04	11/08/13
- EMI options	500,000		-	-	500,000	7.75p	11/08/05	11/08/13
- Non-EMI options	-	666,700	-	-	666,700	13.25p	10/07/09	10/07/18
- Non-EMI options	-	666,650	-	-	666,650	13.25p	10/07/10	10/07/18
- Non-EMI options	-	666,650	-	-	666,650	13.25p	10/09/11	10/07/18

The highest and lowest prices of the Company's shares during the year were 16.2p and 11.1p per share respectively. The price at the year end was 16.2p per share.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2009

DIRECTORS' INTERESTS

The Directors' beneficial interests in the ordinary shares of the Company at 31 March 2009 and at 1 April 2008 were:

	2009 Number	2008 Number
N Gerard – Ordinary Shares*	46,670,309	46,670,309
J Wheaton – Ordinary Shares	423,781	423,781

* Of the total holding 35,000,000 shares are registered in the joint names of M Coleman and N Gerard as trustees of the N Gerard Life Interest Trust of 3 July 2000, the principal beneficiary of which is N Gerard.

7. CHARGE FOR FAIR VALUE OF SHARE OPTIONS

The Group issues equity settled share-based payments to most employees under the Group's share options scheme, though the Board has the right to cash settle exercises. The share option scheme allows Group employees to acquire shares of the ultimate parent company, Business Systems Group Holdings plc, and these awards are granted by this company. The shares are normally granted at market price on the day of grant and vest over 3 years. Occasionally performance targets are also required for vesting of options for senior managers. These targets relate to the specific performance of the division of the business the manager operates in. All options have a total life of 10 years, after which they automatically lapse.

The fair value of share options granted is calculated on a Black-Scholes model assuming the inputs shown below:

Grant date	Dec 08	Jul 08	Dec 07	Jul 07	Dec 06	Jul 06	Jan 06	Dec 04	Jul 04	Aug 03
Share price at grant	13.25p	13.25p	12.25p	12.5p	11.5p	11.0p	12.0p	15.0p	11.63p	7.75p
Exercise price	13.25p	13.25p	12.25p	12.5p	11.5p	11.0p	12.0p	15.0p	11.63p	7.75p
Expected life	4	4	4	4	4	4	4	4	4	4
Contractual life	10	10	10	10	10	10	10	10	10	10
Staff turnover	10%	0-20%	10%	0%	20%	20%	10-20%	42%	28-40%	12%
Risk free rate	3.3%	4.7%	4.7%	5.25%	4.8%	5.1%	4.7%	4.8%	5.2%	5.2%
Expected Volatility	25%	25%	25%	25%	25%	30%	30%	35%	35%	40%
Expected div yield	2.3%	2.3%	0%	0%	0%	2.3%	2.3%	2.3%	2.3%	2.3%
Fair value of option	2.5p	2.5p	1.9p	3.0p	2.8p	2.1p	2.6p	3.8p	3.0p	2.2p

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2009

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2009 Number	2009 WAEP	2008 Number	2008 WAEP
Outstanding at beginning of the year	5,360,161	0.10	6,001,905	0.08
Granted during the year	2,610,000	0.13	1,675,000	0.12
Exercised during the year	(261,573)	0.08	(1,553,148)	0.06
Forfeited during the year	(172,118)	0.11	(763,596)	0.09
Outstanding at the end of the year	<u>7,536,470</u>	<u>0.11</u>	<u>5,360,161</u>	<u>0.10</u>
Exercisable at the year end	<u>3,176,470</u>	<u>0.09</u>	<u>2,785,161</u>	<u>0.08</u>

The share options outstanding at the end of the year have a weighted average remaining contractual life of 7 years (2008: 7 years) and have the following prices:

	Exercise price £	2009 Number	2008 Number
11/08/2013	0.08	2,426,470	2,695,161
12/07/2014	0.12	10,000	15,000
17/12/2014	0.15	25,000	25,000
04/07/2015	0.16	10,000	15,000
23/01/2016	0.12	605,000	710,000
11/07/2016	0.11	110,000	215,000
07/12/2016	0.12	5,000	15,000
06/07/2017	0.13	1,500,000	1,425,000
04/12/2017	0.12	240,000	245,000
10/07/2018	0.13	2,585,000	-
10/12/2018	0.13	20,000	-
	<u>0.11</u>	<u>7,536,470</u>	<u>5,360,161</u>

The weighted average share price during the period was 13.3p and 261,573 options were exercised during the year.

The fair value of services received in return for share options is calculated with reference to the fair valued of the award on the date of grant. Expected volatility is based on the standard deviation of the share price over the previous three years.

The resulting fair value is expensed over the period which the employee becomes unconditionally entitled to the award, adjusted to reflect actual and expected levels of vesting.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2009

8. FINANCE INCOME

	2009 £'000	2008 £'000
Bank interest	455	509
	<u>455</u>	<u>509</u>

9. TAXATION

	2009 £'000	2008 £'000
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(a) Analysis of charge in the year

<i>Current tax:</i>	-	-
UK corporation tax	-	-
<i>Total current tax</i>	<u>-</u>	<u>-</u>

<i>Deferred tax:</i>		
Origination & reversal of timing differences: (Deferred tax credit)	1,238	-
<i>Total deferred tax (note 9(c))</i>	<u>1,238</u>	<u>-</u>

<i>Tax credit on profit on ordinary activities (note 9(b))</i>	<u>1,238</u>	<u>-</u>
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(b) Factors affecting the tax charge for the year

Profit on ordinary activities before tax	<u>1,330</u>	<u>925</u>
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Profit on ordinary activities multiplied by the Standard rate of corporation tax in the UK	372	277
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<i>Effects of:</i>		
Difference between capital allowances and depreciation	556	136
Tax losses utilised in year	(440)	(522)
Tax losses recognised in the year to be carried forward	721	-
Expenses not deductible for tax purposes	18	(12)
Other timing differences	11	4
Profits credited at lower rate of tax	-	117
<i>Tax credit (note 9(a))</i>	<u>1,238</u>	<u>-</u>

(c) Provision for deferred tax (Deferred tax asset)

Opening Provision	-	-
Deferred tax credit in income statement for the year (note 9(a))	<u>1,238</u>	<u>-</u>
<i>Closing Deferred tax asset</i>	<u>1,238</u>	<u>-</u>

The group anticipates that the tax losses carried forward will be utilised in the foreseeable future.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2009

10. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:

	2009 £'000	2008 £'000
Ordinary Shares		
Dividend: 0.4p per share (2008: nil)	<u>312</u>	<u>-</u>

The Board does not propose a dividend in respect of the year ended 31 March 2009.

11. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking in full for dividend during the year. Shares held by the trustees of the employee share scheme and which have not been allotted to staff rank for dividend only to the extent of 0.01p per share and have, therefore, been excluded from the calculation of the weighted average number of shares, as have treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The Group has only one category of dilutive potential ordinary shares, those share options granted under the Enterprise Management Incentive Plan.

	2009	2008
Profit for the financial period and basic and diluted earnings attributable to ordinary shareholders (£'000)	2,568	925
Weighted average number of ordinary shares ('000)	77,681	76,079
Effect of dilutive share options ('000)	<u>1,188</u>	<u>1,985</u>
Adjusted weighted average number of shares ('000)	<u>78,869</u>	<u>78,064</u>
Earnings per share	3.31p	1.22p
Diluted earnings per share	3.26p	1.18p

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2009

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost:				
At 1 April 2007	3,431	2,445	36	5,912
Additions	727	264	-	991
Disposals	(4)	(19)	-	(23)
At 31 March 2008	4,154	2,690	36	6,880
Additions	607	45	-	652
Disposals	(13)	-	-	(13)
At 31 March 2009	4,748	2,735	36	7,519
Depreciation:				
At 1 April 2007	2,691	1,950	36	4,677
Disposals	(4)	(19)	-	(23)
Charge for the year	536	156	-	692
At 31 March 2008	3,223	2,087	36	5,346
Disposals	(7)	-	-	(7)
Charge for the year	660	246	-	906
At 31 March 2009	3,876	2,333	36	6,245
Net book value at 31 March 2009	872	402	-	1,274
Net book value at 31 March 2008	931	603	-	1,534

13. INVENTORIES

	2009 £'000	2008 £'000
Finished goods and goods for resale	169	95

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2009

14. TRADE AND OTHER RECEIVABLES

	2009 £'000	2008 £'000
Trade receivables	4,168	4,290
Prepayments and accrued income	1,645	1,469
Other receivables	-	25
	<u>5,813</u>	<u>5,784</u>

The movements in provision for impairment of receivables were as follows:

	2009 £'000	2008 £'000
At 1 April	-	9
Charge for the year	-	9
Utilised	-	(18)
At 31 March	<u>-</u>	<u>-</u>

Trade receivables are non-interest bearing and are generally on 30 day terms. As at 31 March the ageing analysis of trade receivables past due was as follows:

	Total £'000	30 - 45 days £'000	45 - 90 days £'000	>90 days £'000
2009	1,027	576	297	154
2008	1,330	752	450	128

15. TRADE AND OTHER PAYABLES

	2009 £'000	2008 £'000
Trade payables	3,296	3,529
Other taxation and social security	798	833
Other payables	13	67
Accruals and deferred income	4,056	3,788
	<u>8,163</u>	<u>8,217</u>

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2009

16. SHORT-TERM PROVISIONS

	Contracts provision £'000
Balance at 1 April 2007	150
Utilisation of provision	(50)
Release of provision	(100)
Balance at 31 March 2008	-
Balance at 31 March 2009	-

17. CALLED UP SHARE CAPITAL

	2009 Number	2009 £'000	2008 Number	2008 £'000
Authorised:				
Ordinary Shares of 5p each	104,000,000	5,200	104,000,000	5,200
Called up, allotted and fully paid:				
Ordinary Shares of 5p each	84,182,965	4,209	84,182,965	4,209

At 31 March 2009 the Company held 6,216,340 (2008: 6,216,340) shares in treasury. These are accounted for in the Own Shares Held reserve. The shares had a nominal value of £311k (2008: £311k) and a market value of £1,007k (2008: £808k). This represented 8% (2008: 8%) of the issued share capital as at 31 March 2009 excluding treasury shares.

18. FINANCIAL COMMITMENTS

The Group as lessee

The Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings	
	2009 £000	2008 £'000
Payments falling due:		
Within one year	1,022	1,022
Between one and five years	681	1,703
After five years	-	-

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS

Year ended 31 March 2009

The Group as lessor

The Group sub-lets office space in its London office to third parties. The Group had contracted with tenants for the following future minimum lease payments:

	Land and buildings	
	31 March 2009 £'000	31 March 2008 £'000
Payments receivable:		
Within one year	380	380
Between one and five years	221	601
After five years	-	-

19. RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. There were no material related party transactions during the year that have not been eliminated on consolidation.

20. POST BALANCE SHEET EVENTS

On 8 May 2009 Advanced Computer Software plc made an offer to purchase the entire share capital of the Company, and this offer went wholly unconditional on 12 June 2009.

On 30 June 2009 the Company outsourced the supply of hardware and packaged software to its customers to BT Engage IT for a three year exclusive period.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BUSINESS SYSTEMS GROUP HOLDING PLC

Year ended 31 March 2009

We have audited the parent company financial statements (the "financial statements") of Business Systems Group Holdings plc for the year ended 31 March 2009 which comprise the principal accounting policies, the balance sheet and notes 21 to 35. These parent company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the group financial statements of Business Systems Group Holdings plc for the year ended 31 March 2009.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and the Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF BUSINESS SYSTEMS GROUP HOLDING PLC

Year ended 31 March 2009

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 March 2009;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS**

**LONDON
28 October 2009**

BUSINESS SYSTEMS GROUP HOLDINGS PLC

COMPANY BALANCE SHEET As at 31 March 2009

	Note	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	28	13	22
Investments	29	<u>1,651</u>	<u>1,651</u>
		1,664	1,673
CURRENT ASSETS			
Debtors	30	278	60
Cash at bank and in hand		<u>6,460</u>	<u>6,207</u>
		6,738	6,267
CREDITORS:			
Amounts falling due within one year	31	<u>(977)</u>	<u>(245)</u>
NET CURRENT ASSETS		<u>5,761</u>	<u>6,022</u>
NET ASSETS		<u>7,425</u>	<u>7,695</u>
CAPITAL AND RESERVES			
Called up share capital	32	4,209	4,209
Own shares held		(749)	(749)
Profit and loss account		3,986	4,282
EBT reserve		<u>(21)</u>	<u>(47)</u>
SHAREHOLDERS' FUNDS		<u>7,425</u>	<u>7,695</u>

These financial statements were approved by the Board of Directors on 28 October 2009.

Signed on behalf of the Board of Directors



N Gerard
Director

NOTES TO THE ACCOUNTS

Year ended 31 March 2009

21. ACCOUNTING POLICIES

The separate financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted which differ to those set out in note 2 to the consolidated financial statements are described below.

The Company's accounting policies are the same as the prior year.

Basis of preparation

The financial statements are prepared under the historical cost convention.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment.

22. ANALYSES OF TURNOVER, OPERATING PROFIT AND NET ASSETS

The Company operates in one principal activity, that of the provision of management services to Group companies. This activity is wholly undertaken in the United Kingdom.

23. PROFIT FOR THE FINANCIAL YEAR

The Company has taken advantage of Section 230(2) of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The profit of the Company was £22k (2008: profit £101k).

24. STAFF COSTS

The average monthly number of employees (including Directors) was:

Number of employees	Number	Number
Sales and administration	12	12
Staff costs incurred during the year in respect of these employees were:	£'000	£'000
Wages and salaries	791	682
Social security costs	91	87
Other pension costs	41	78
	923	847

25. DIRECTORS' REMUNERATION, INTERESTS AND TRANSACTIONS

Directors' emoluments, awards under employee share scheme and interests in the Company are all disclosed under note 6.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2009

26. CHARGE FOR FAIR VALUE OF SHARE OPTIONS

The disclosures for the charge for share options are set out in note 7.

27. TAXATION

	2009 £'000	2008 £'000
Provision for deferred tax		
Depreciation in excess of capital allowances	9	-
Other short term timing differences	4	-
Tax losses carried forward	25	-
<i>Provision for deferred tax asset</i>	<u>38</u>	<u>-</u>
Opening Provision	-	-
Deferred tax credit in profit and loss account for the year	38	-
<i>Closing Deferred tax asset</i>	<u>38</u>	<u>-</u>

28. TANGIBLE FIXED ASSETS

	Plant and Machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost:			
At 1 April 2008	23	67	90
Disposals	(3)	-	(3)
At 31 March 2009	<u>20</u>	<u>67</u>	<u>87</u>
Depreciation:			
At 1 April 2008	23	45	68
Disposals	(3)	-	(3)
Charge for the year	-	9	9
At 31 March 2009	<u>20</u>	<u>54</u>	<u>74</u>
Net book value:			
At 31 March 2009	-	13	13
At 31 March 2008	-	22	22

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2009

29. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000
Cost:	
At 1 April 2008 and 31 March 2009	4,613
Provision for impairment:	
At 1 April 2008 and 31 March 2009	2,962
Net book value	
At 31 March 2009 and 31 March 2008	1,651

The Company's subsidiaries are as follows:

Business Systems Group Limited

Webgenerics Limited

Both engage in the Group's principal activity, namely the provision of IT managed services.

The share capital of all subsidiaries is wholly owned by Business Systems Group Holdings plc.

All subsidiaries are incorporated in Great Britain and registered in England and Wales.

30. DEBTORS

	2009 £'000	2008 £'000
Trade debtors	6	6
Amounts owed by group undertakings	231	48
Prepayments and accrued income	3	6
Deferred tax	38	-
	<u>278</u>	<u>60</u>

31. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Trade creditors	13	-
Other creditors	11	71
Other taxation and social security	50	74
Amounts owed to group undertakings	675	-
Accruals and deferred income	228	100
	<u>977</u>	<u>245</u>

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTES TO THE ACCOUNTS Year ended 31 March 2009

32. CALLED UP SHARE CAPITAL

	2009 Number	2009 £'000	2008 Number	2008 £'000
Authorised:				
Ordinary Shares of 5p each	104,000,000	5,200	104,000,000	5,200
Called up, allotted and fully paid:				
Ordinary Shares of 5p each	84,182,965	4,209	84,182,965	4,209

At 31 March 2009 the Company held 6,216,340 (2008: 6,216,340) shares in treasury, which have been reclassified to the Own Shares Held reserve and had a nominal value of £311k (2008: £311k) and a market value of £1,007k (2008: £808k). This represented 8.0% (2008: 8.0%) of the issued share capital as at 31 March 2009 excluding treasury shares.

33. RESERVES AND RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £'000	Own Shares Held £'000	Profit and loss account £'000	EBT Reserve £'000	Total £'000
Balance at 1 April 2008	4,209	(749)	4,282	(47)	7,695
Retained profit for the year	-	-	22	-	22
Dividends	-	-	(312)	-	(312)
Movement in reserves from EBT redemptions	-	-	(6)	26	20
Balance at 31 March 2009	4,209	(749)	3,986	(21)	7,425

All results are derived from continuing operations.

34. RELATED PARTY DISCLOSURES

Details of any related party transactions in the period are given in note 19.

35. POST BALANCE SHEET EVENTS

On 8 May 2009 Advanced Computer Software plc made an offer to purchase the entire share capital of the Company, and this offer went wholly unconditional on 12 June 2009.

On 30 June 2009 the Company outsourced the supply of hardware and packaged software to its customers to BT Engage IT for a three year exclusive period.

BUSINESS SYSTEMS GROUP HOLDINGS PLC

NOTICE OF MEETING

Notice is hereby give that the Annual General Meeting of Business Systems Group Holdings plc (the "Company") will be held at BSG House, 226-236 City Road, London EC1V 2TT on 11 November 2009 at 10.00 am for the following purposes:-

1. To receive the Directors' Report, the Annual Accounts and the Auditors' Report for the year ended 31 March 2009.
2. Mark Watts has been appointed to the Board by the Directors since the conclusion of the last Annual General Meeting. In accordance with Regulation 73 of the Articles of Association of the Company, Mark retires from office at the Annual General Meeting and, being eligible, offers himself for re-appointment.
3. Barbara Firth has been appointed to the Board by the Directors since the conclusion of the last Annual General Meeting. In accordance with Regulation 73 of the Articles of Association of the Company, Barbara retires from office at the Annual General Meeting and, being eligible, offers herself for re-appointment.
4. To re-appoint Nick Gerard who retires by rotation under Regulation 73 of the Articles of Association of the Company and, being eligible, offers himself for re-appointment as a Director.
5. To appoint BDO Stoy Hayward LLP as auditors to the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to determine their remuneration.

By order of the Board

H Lowe
Secretary



BSG House
226-236 City Road
London
EC1V 2TT
28 October 2009