Evolutionary Systems Company Limited
Annual Report for the year ended 31 March 2021

Registered Number 07559069

Evolutionary Systems Company Limited

Contents

Evolutionary Systems Company Limited
Company Information

Directors
Bhinde, Yashodhar
Nahata, Umang Tejkaran
Rao, Priti (appointed w.e.f. 1 Oct 2021)

Auditors
Grant Thornton UK LLP
Chartered accountants and statutory auditor
110 Queen Street
Glasgow
G1 3BX

Bankers
ICICI Bank UK plc
47, Ealing Road
Wembley
Middlesex
HA0 4BA

Registered office
Harrow Business Centre
429-433 Pinner Road,
North Harrow
Middlesex
HA1 4HN

Registered Number
07559069

Evolutionary Systems Company Limited

Directors' Report for the year ended 31 March 2021

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2021

Dividends

No Dividends were paid by the company during the current or prior year.

Events since the balance sheet date

There have been no significant events affecting the financial position of the company after year end.

Directors

The following persons served as directors during the year:
BHINDE, Yashodhar
NAHATA, Umang Tejkaran
RAO, Priti (appointed w.e.f. 1 Oct 2021)

Directors' indemnities and insurance

Evosys UK has purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors and officers under Global policy coverage obtained by its parent Company Mastek Limited in India.

At the date of this Directors' and Corporate Governance Report, indemnities are in force under which Insurance Company under the directors' and officers' policy , has agreed to indemnify the directors and the officers to the extent covered /permitted by law in respect of losses arising in their capacity as director or officer of any member of Evosys UK

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the house newspaper and newsletters, satisfaction surveys, briefing groups and the distribution of the annual report.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:
• so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
• the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 28/5/2022 and signed on its behalf.

YHBhinde

Yashodhar Bhinde
Director

Evolutionary Systems Company Limited

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Evolutionary Systems Company Limited

Strategic Report

The director presents the strategic report of the company for the year ended 31 March 2021

Principal activity

The principal activity of the company was that of providing consulting services in the field of Information Technology for Oracle applications across public and private sector.

Business Review and future developments

The company's turnover has continued to increase over the last few years as set out below: Year Ended 31 March:

2017	2,122,606
2018	5,480,698
2019	13,260,904
2020	18,915,754
2021	21,059,002

The company has continued to grow in a competitive market by securing business and increase revenue streams. The company continued to focus on its business objectives by critical analysis of its policies, procedures and by ascertaining how to enhance the quality of services provided. The company's strategy to grow in the industry by securing new contracts and manage projects cost effectively has rewarded the company with continuing profits.

The profit for the year after taxation amounted to £ 6,891,339 (2020 : £ 2,463,764)

The company did not pay any dividends during the year with the aim to retain reserves and finances for future expansion.

According to Data Bridge Market Research report, the global oracle services market is expected to witness market growth at a rate of approximately 13.60% in the forecast period of 2021 to 2028 and is expected to reach USD 21,278.49 million by 2028. UK is a key market in the Oracle space, fueled by the rising demand for cloud-based services. The Company is well placed in the Oracle EBM and cloud space to leverage these opportunities.

Being a part of the Mastek group, has significantly extended the company's global customer reach in digital cloud services and Oracle Software-as-a-Service areas. Our wide digital services offerings will enable co-sell and cross-sell opportunities in the future. Combined service offerings will enable the company to grow on the back of larger wallet share with existing customers.

UK is expected to witness a robust rate of cloud adoption by small and large enterprises. Customer value proposition includes increasing operational productivity, lower costs and short implementation cycles.

Another area which will fuel future demand is the digitization of e-commerce space. Our unique combination of Oracle e-commerce with Oracle CRM as an offering, makes a differential value proposition to the customer. The other key focus is the SAP Compete market from a share of wallet perspective.

The company will continue to focus on managed service offerings, not only by converting or creating managed services on cloud applications for our install-based customers, but also by competing and winning customers who have platforms which have been implemented by other large consulting firms.

Principal risks and uncertainties

The principal risks are as follows:

· Cost pressures impacting our clients' ability to further invest in IT solutions. The Company has operational improvement and Cost Containment Initiatives to provide IT solutions in a cost efficient manner. It further has the benefit of being very well entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client related risks are mitigated to an extent.

· Potential risk of delays and change in policy direction due to Brexit can impact the growth in the government sector. The company is strengthening its presence by pursuing a strategic account approach. Further the Company is extending its reach into wider vertical markets and is increasing its annuity business.

· The company's contract and expenses are mainly in the United Kingdom with transactions in Sterling Pound resulting in foreign currency exposure being minimised.

· The Company has assessed the impact of Covid-19 Pandemic on its operations as well as financial reporting process, including but not limited to the areas of financial controls, credit risk, impairment of financial and non-financial assets, and Cyber security pertaining to the remote access of information for the year ended March 31, 2021 and up to the date of approval of financial statements. While assessing the impact, Company has considered all internal and external sources of information like industry reports, economic forecast, credit reports and company's business forecast basis the global economic consensus. Company expects to recover the carrying amount of its assets. Further, there have been no material impact on the business, infact the pandemic opens up the new opportunities for IT businesses as the perspective of the economy is shifting towards digitalisation. Also there have been no material changes in the financial reporting process followed by the company because of the pandemic. The impact of COVID-19 may be different from that estimated as on the date of approval of these financial statements. However, the Management and Director's are confident that the company will be able to remain operational throughout the pandemic and in foreseeable future and they will continue to closely monitor any material changes to the business due to future economic conditions.

· There is no significant adjusting or non adjusting event occurred between 31 March 2021 and the date of approval of the financial statements.

The process of risk acceptance and risk management is addressed through a comprehensive framework of procedures and policies built as an internal control within the management of the company.

Financial risk management

The company faces various financial risks inherent with the nature of the business such as credit risk to customers, liquidity risk, exchange rate, interest rate, laws and regulations and operational risk.

Credit risk :

The company's principal assets are trade debtors. The company monitors credit risk closely by setting payment milestones agreed in the contract and invoicing regularly to receive payments. Historically, the credit risk of the company has remained low. On occasions the company receives payments in advance on commencement of projects. Also, the company has Credit risk insurance.

Liquidity risk:

The liquidity risk is managed by the finance department of the company by ensuring the projects are invoiced on a timely manner on reaching the milestones and payments collected. Receiving payments in advance on commencement of projects reduces the need of working capital and improve liquidity. Generally, the fact that the projects have been profitable, the company has build a strong a bank balance and maintained a positive cashflow.

Exchanqe rate risk

The company's contracts and expenses are mainly in the United Kingdom with transactions in UK Sterling. The exposure to foreign currency transactions is minimum.

Interest risk

The business does not have any borrowing and hence the interest risk is at its minimum.

Laws and regulations

The company operates in a market which is subject to various regulations. The company has an in-house legal team which reviews legal trading contracts and licensing laws. The company retains human resource department together with the support of an out sourced human resource advisors complies with the employment law. The company complies with the General Data Protection Act 2016 (GDPR) and Privacy and Electronic Communications Regulations 2003 (PECR) to ensure the security of private data held with in the company. The company has a due diligence procedure to identify identity of customers and business associates as required by the Money Laundering Regulations 2007 (MLR) and follow the principles and guidance of the Bribery Act 2010 when considering receipts or offering of gifts or hospitality (if any).

Operational risk

The company has retained a very strong team of well qualified staff who are well trained and experienced to deliver the services provided by the company. Together with the experience in the industry and continuing review procedures the operation risk to deliver contract of services are at minimum.

Key financial indicators

The company uses a range of key performance indicators to monitor and measure the performance of the business

	2021	2020
Turnover	21,059,002	18,915,754
Direct cost	11,224,999	10,866,704
Gross profit margin	9,834,003	8,049,050
Gross profit margin %	47%	43%
Profit Before Tax	8,507,825	3,074,344

The financial results have an increase in revenue of 11.3% in comparison with the prior year. The profitability profile continues to be healthy and the gross profit margin has grown from 43% to 47% year on year.

Net profit has increased significantly over the last year due to lower administrative expense and overall business growth.

This report was approved by the board on 28/5/2022 and signed on its behalf.

Yashodhar Bhinde
Director

Independent auditor's report to the members of Evolutionary Systems Company Limited

Opinion

We have audited the financial statements of Evolutionary Systems Company Limited (the 'company') for the year ended 31 March 2021, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its 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 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 are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

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.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the industry in which it operates through our general commercial and sector experience and discussions with management. We determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (Financial Reporting Standard 101 and the Companies Act 2006).
- In addition, being operational in the United Kingdom, we identified that UK health and safety, employment and data protection laws are relevant for compliance.
- We have enquired with management as to any instances of non-complieance with any of the applicable laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the company's financial statements to material misstatement including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of the processes and controls which management has put in place to prevent and detect fraud;
  - Challenging assumptions and judgements made by management in their judgement of significant accounting estimates;
  - Identifying and testing journal entries in line with any transactions which were unexpected for corroboration to supporting documentation;
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement line item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the following:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity including, the provision of the applicable legislation, the regulators rules and related guidance and the application of the legal and regulatory requirements of Financial Reporting Standard 101 and the Companies Act 2006 as applicable to the company.

- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the company's operations, including the nature of its revenue sources and revenue recognition policy, the assessment of material judgements made by management and the design of the control environment for the overall financial reporting process within the company;
  - the company's control environment, including the policies and procedures implemented to comply with the requirements of Financial Reporting Standard 101 and the Companies Act 2006, the adequacy of procedures for authorisation of transactions, and procedures to ensure that possible breaches of laws and regulations are appropriately investigated and reported.
- From the procedures performed we did not identify any matters relating to non-compliance with laws and regulations or matters in relation to fraud.

Use of our report

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

Grant Thornton UK LLP

Lynne Bicket
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
Date: 28/5/2022

Evolutionary Systems Company Limited
Statement of comprehensive income for the year ended 31 March 2021

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
		£	£
Turnover	2	**21,059,002**	18,915,754
Cost of sales		**(11,224,999)**	(10,866,704)
Gross profit		**9,834,003**	8,049,050
Administration expense		**(1,332,113)**	(4,974,706)
Operating profit	4	**8,501,890**	3,074,344
Other income	6	**5,935**	-
Profit on ordinary activities before taxation		**8,507,825**	3,074,344
Tax on profit on ordinary activities	7	**(1,616,486)**	(610,580)
Profit and Total comprehensive income for the financial year		**6,891,339**	2,463,764

The financial statements were approved by the Board of Directors on 28/5/2022 and were signed on its behalf by:

Yashodhar Bhinde
- Director
Registered number: 07559069
The notes 1 to 22 form part of these financial statements.

Evolutionary Systems Company Limited

Balance sheet as at 31 March 2021

	Notes	As at 31 March 2021 £	As at 31 March 2020 £
Non current assets			
Fixed assets-			
Tangible assets	8	**79,143**	19,751
Investments	9	**87**	87
		79,230	19,838
Current assets			
Debtors	10	**8,993,218**	7,068,921
Cash at bank and in hand	16	**10,063,736**	4,394,813
		19,056,954	11,463,734
Creditors-amounts falling due within one year	11	**(6,616,303)**	(5,920,080)
Lease liability - current	13	**(48,881)**	-
Net current assets		**12,391,770**	5,543,654
Total assets less current liabilities		**12,471,000**	5,563,492
Lease liability - non current	13	**(4,167)**	-
Deferred tax liabilities	12	**(16,236)**	(3,753)
Net assets		**12,450,597**	5,559,739
Capital and reserves			
Called up share capital	14	**100**	100
Retained earnings		**12,450,497**	5,559,639
Total Equity		**12,450,597**	5,559,739

The financial statements were approved by the Board of Directors on 28/5/2022 and were signed on its behalf by:

Yashodhar Bhinde
- Director
Registered number: 07559069
The notes 1 to 22 form part of these financial statements.

Evolutionary Systems Company Limited

Statement of changes in equity for the year ended 31 March 2021

	Called up share capital	Share premium	Other reserves	Retained earning	Total
Balance as at 31 March, 2019	100	-	-	3,095,875	3,095,975
Profit for the financial year	-	-	-	2,463,764	2,463,764
Total comprehensive income for the year	**100**	**-**	**-**	**5,559,639**	**5,559,739**
Balance as at 31 March 2020	**100**	**-**	**-**	**5,559,639**	**5,559,739**
Impact of IFRS 16 adoption				(481)	(481)
Profit for the financial year	-	-	-	6,891,339	6,891,339
Total comprehensive income for the year	100	-	-	12,450,497	**12,450,597**
Balance as at 31 March 2021	**100**	**-**	**-**	**12,450,497**	**12,450,597**

Cash flow statement for the year ended 31 March 2021

	Notes	Year ended 31 March 2021	Year ended 31 March 2020
		£	£
Net cash generated from operating activities	15	**6,296,249**	3,521,308
Taxation paid		**(608,334)**	(613,372)
Cash flow from financing activities	16	**(3,906)**	-
Cash flow from investing activities	16	**(15,086)**	(18,935)
Increase in cash in the year		**5,668,923**	2,889,001
Cash and cash equivalents at the beginning of the year	16	**4,394,813**	1,505,812
Exchange gain on cash and cash equivalent		-	-
Cash and cash equivalents at the end of the year		**10,063,736**	4,394,813

The notes 1 to 22 form part of these financial statements.

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2021

1. Accounting Policies

Evolutionary Systems Company Limited is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Harrow Business Centre,429-433 Pinner Road, North Harrow, Middlesex, HA1 4HN. The financial statements are presented in Sterling (£)

The company meets the definition of a qualifying entity under Financial Reporting Standard (FRS 101) Reduced Disclosure Framework and transitioned from previous extant of FRS 102 to Financial Reporting Standard 101 'Reduced Disclosure' Framework for all periods presented. The accounting policies which follows set out those policies which apply in preparing the financial statements for the year ended 31st March 2021.

The Company's ultimate parent undertaking, Mastek Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Mastek Limited are publicly available from its registered office, 804/805 President House, C.N. Vidyalaya, Near Ambawadi Circle, Ahmedabad – 380 006. Therefore the company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7, 'Financial Instruments: Disclosures';
- Comparative information requirements in respect of tangible assets and investments;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- The requirements to disclose related party transactions entered into between two or more members of a Company, provided that any
- Capital management disclosure

Foreign currency transactions of the Company are accounted for at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Gains and losses resulting from the settlement of foreign currency monetary items and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves. The current economic conditions due to global pandemic (Covid-19) continue to create uncertainty particularly over the level of demand for the company's products. The company's management have considered the impact of global pandemic (Covid-19) and have reviewed the forecasts and projections of the company for future years after taking into consideration the reasonably possible changes in trading performance, show that the future business has no impact due to pandemic and the company should be able to operate within the level of its current cash reserves. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Turnover

The Company derives revenue primarily from Information Technology services which includes IT Outsourcing services, support and maintenance services. The Company recognizes revenue on transfer of control of deliverables (solutions and services) to its customers in an amount reflecting the consideration to which the Company expects to be entitled. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.
The company accounts for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Fixed Price contracts related to Application development, consulting and other services are single performance obligation or a stand-ready performance obligation, which in either case is comprised of a series of distinct services that are substantially the same and have the same pattern of transfer to the customer (i.e. distinct days or months of service). Revenue is recognized in accordance with the method prescribed for measuring progress i.e. percentage of completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Revenues relating to time and material contracts are recognized as the related services are rendered.

Multiple element arrangements-
In contracts with multiple performance obligations, the company accounts for individual performance obligations separately if they are distinct, and allocate the transaction price to each performance obligation based on its relative standalone selling price out of total consideration of the contract. Standalone selling price is determined utilizing observable prices to the extent available. If the standalone selling price for a performance obligation is not directly observable, the company uses expected cost plus margin approach.

IT support and maintenance-
Contracts related to maintenance and support services are either fixed price or time and material. In these contracts, the performance obligations are satisfied, and revenues are recognized, over time as the services are provided. Revenue from maintenance contracts is recognized rateably over the period of the contract because the company transfers the control evenly by providing stand-ready services.
The term of the maintenance contract is usually one year. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognized rateably over the term.
Contracts may include incentives, service level penalties and rewards. The company includes an estimate of the amount it expects to receive for the total transaction price if it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Any modification or change in existing performance obligations is assessed whether the services added to existing contracts are distinct or not. The distinct services are accounted for as a new contract and services which are not distinct are accounted for on a cumulative catch-up basis.
Unbilled revenue represent revenue recognised on services rendered as per contractual terms, for which amounts are billed in subsequent periods.

Trade Receivables
Trade Receivables, net, is primarily comprised of billed and unbilled receivables (i.e. only the passage of time is required before payment is due) for which we have an unconditional right to consideration, net of an allowance for doubtful accounts. A contract asset is a right to consideration that is conditional upon factors other than the passage of time.

The company has evaluated the impact of COVID-19 resulting from (i) the possibility of constraints to render services which may require revision of estimated costs to complete the contract because of additional efforts; (ii) onerous obligations; (iii) penalties relating to breaches of service-level agreements, and (iv) termination or deferment of contracts by customers. The company has concluded that the impact of COVID-19 is not material based on these estimates. Due to the nature of the pandemic, the company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

Disaggregated Revenue

	2021	**2020**
	£	£
Service Revenue	**855,562**	1,711,124
Licence Revenue	**20,203,440**	17,204,630
Grand Total	**21,059,002**	18,915,754

Other Income
Other income comprises of client reimbursement income.

Tangible fixed assets
Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Depreciation is provided at the following annual rates in order to write off the cost of each asset less the estimated residual value, over its estimated useful life.

Fixtures and fittings	20% on straight-line basis
Computer equipment	20% on straight-line basis

Deferred and Current Tax
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 is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.
Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:
- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Share Based Payment

The parent company (Mastek Limited) runs a stock option scheme under which it grants options to the employees of the subsidiary company (Mastek UK Limited). Stock options are vested over the period of time as stated in the terms of the option. Once vested, employees are entitled to receive shares of the parents at the time of exercise of options. The scheme is identified as Equity settled and the parent determines the compensation cost based on the fair value method which is cross charged to Mastek UK Limited. The company records the fair value as a cost to profit & loss with a corresponding adjustment to capital contribution. However, since the parent recharge the fair value to the company, the corresponding amount is reduced from the capital contribution resulting in a net nil impact to capital contribution.

Leases

As a lessee
The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right to Use assets
The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to depreciation. Refer to the accounting policies note for depreciation of non-financial assets.

ii. Lease liabilities
At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are included in Interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets
The company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of laptops, lease-lines and office furniture and equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Creditors
Creditors are measured at transaction price which is usually the invoice price.

Provisions
Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation.

Pensions
The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the statement of comprehensive income.

Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors:
The company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments
The company does not use any derivative financial instruments and hence its financial assets and financial liabilities are accounted for at cost as described above. The company's principal assets are trade debtors. The company monitors credit risk closely by setting payment milestones agreed in the contract and invoicing regularly to receive payments. Historically, the credit risk of the company has remained low.

Consolidated financial statements
The accounts contain information about the company as an individual company and do not contain consolidated financial information as parent of a Company. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it and its subsidiary undertakings are included by full consolidation in the consolidated accounts of Mastek Limited, a company registered in India. The accounts of Mastek Limited are publicly available.

Investments
The investments are recognized at fair value on initial recognition and subsequently they are measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Further, in cases where the Company has made an irrevocable election based on its business model, for its investment, which are classified as equity instruments, the subsequent changes in fair value are recognised in OCI.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, demand deposits and current account with banks.

Impairment
Non Financial Instrument
Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Comprehensive Income is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of Comprehensive Income if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

Capital Management
The Company policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The company monitors the return on capital as well as the level of dividends on its equity shares. The company objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

Reserves
Retained earnings: Retained earnings is the amount of net income left over for the business after it has paid out dividends to its shareholders.

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2021

2. Analysis of turnover	**Year ended 31 March 2021**	**Year ended 31 March 2020**
	£	£
Rendering of services	**21,059,002**	18,915,754
By geographical market:		
UK	**20,367,161**	16,355,936
Europe	**691,841**	2,422,468
Rest of world	**-**	137,350
	21,059,002	18,915,754

3. Staff costs	**Year ended 31 March 2021**	**Year ended 31 March 2020**
	£	£
Wages and salaries	**5,911,397**	5,662,810
Social security costs	**721,726**	230,341
Other pension costs	**52,765**	37,080
	6,685,888	5,930,231

The average monthly number of employees during the year was as follows:	**2021 Number**	**2020 Number**
Administration and consultants	**77**	68
Director	**1**	1
	78	**69**

4. Operating Profit	**Year ended 31 March 2021**	**Year ended 31 March 2020**
	£	£
The operating profit is stated after charging:		
Other operating leases	**100,736**	409,839
Depreciation	**55,122**	7,027
Services provided by the Company's Auditor		
- fees payable for the audit	**17,500**	14,000

5. Director's emoluments	**Year ended 31 March 2021**	**Year ended 31 March 2020**
	£	£
Aggregate emoluments	**556,457**	171,844
Company contributions to defined contribution pension plans	**1,313**	1,316
	557,770	173,160

The number of Directors to whom retirement benefits were accruing was as follows:	**Number**	Number
Defined contribution plans	**1**	1

6. Other Income	**Year ended 31 March 2021**	**Year ended 31 March 2020**
	£	£
Client reimbursement income	**392**	-
Other income	**5,543**	-
	5,935	-

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2021

7. Taxation

a) Analysis of tax charge in the year

	Year ended 31 March 2021	Year ended 31 March 2020
Current tax:	£	£
UK corporation tax on profit for the year	**1,604,003**	608,334
Adjustment in respect of prior year	**-**	
	1,604,003	608,334
Deferred tax		
Origination and reversal of timing differences	**12,483**	2,246
Tax on profit on ordinary activities	**1,616,486**	610,580

b) Factors affecting the tax charge for the year
The tax assessed for the year is different to the standard rate of UK Corporation tax of 19% (2020: 19%) and the differences are explained below:

	Year ended 31 March 2021	Year ended 31 March 2020
	£	£
Profit on ordinary activities before tax	**8,507,825**	3,074,344
Tax charge on profit at 19% (2020: 19%)	**1,616,486**	584,125
Effects of:		
Expenses not deductible for tax purposes	**(10,708)**	26,455
Capital allowances for period in excess of depreciation	**(1,775)**	(2,246)
Deferred tax credit		
Total current tax charge for the year	**1,604,003**	608,334

8. Tangible fixed assets

2020-2021	Fixtures and fitting £	Computer equipment £	Right to use Assets £	Total £
Cost				
At 1 April 2020	8,386	34,663	-	43,049
Addition on ROU transition	-	-	106,733	106,733
Additions/(Disposals)	-	15,086	-	15,086
At 31 March 2021	**8,386**	**49,749**	**106,733**	**164,868**
Depreciation				
At 1 April 2020	8,386	14,912	-	23,298
Addition on ROU transition	-	-	7,305	7,305
Charge for the year	-	5,744	49,378	55,122
At 31 March 2021	**8,386**	**20,656**	**56,683**	**85,725**
Net book value				
At 31 March 2021	**-**	**29,093**	**50,050**	**79,143**
At 31 March 2020	-	**19,751**	-	**19,751**

2019-20	Fixtures and fitting £	Computer equipment £	Total £
Cost			
At 1 April 2019	8,386	15,815	**24,201**
Additions/(Disposals)	-	18,848	**18,848**
At 31 March 2020	**8,386**	**34,663**	**43,049**
Depreciation			
At 1 April 2019	6,829	9,442	**16,271**
Charge for the year	1,557	5,470	**7,027**
At 31 March 2020	**8,386**	**14,912**	**23,298**
Net book value			
At 31 March 2020	**-**	19,751	**19,751**
At 31 March 2019	**1,557**	**6,373**	**7,930**

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2021

9. Investments

Cost:	Current (£)	Non-current (£)
At 1 April 2020	-	87
At 31 March 2021	-	87

		At 31 March 2021		At 31 March 2020	
Directly held investments	**Country of incorporation**	**Holding %**	**NBV £**	**Holding %**	**NBV £**
Evolutionary Systems Netherlands BV	Netherlands	**100.0%**	**87**	100.0%	87

10. Debtors: amounts falling due within one year

	As at 31 March 2021 £	As at 31 March 2020 £
Trade debtors	**5,254,234**	3,848,452
Less: Provision for doubtful debts	**(82,877)**	(139,234)
	5,171,357	3,709,218
Other Debtors		
Amount recoverable on contracts	**3,261,286**	3,284,280
Amounts from group undertakings	**456,850**	-
Prepayments	**74,646**	26,630
Deposits	**29,079**	48,793
	8,993,218	7,068,921

11. Creditors: amounts falling due within one year

	As at 31 March 2021 £	As at 31 March 2020 £
Trade creditors	**68,546**	744,414
Amounts due to group undertakings	**346,711**	659,390
Corporation taxation	**1,604,003**	608,334
Social security and other taxes	**746,127**	990,765
Other creditors	**1,012,882**	734,459
Accruals and deferred income	**2,838,034**	2,182,718
	6,616,303	5,920,080

12. Deferred taxation

The full liability for deferred tax has been recognised in the accounts as follows:	£
At 1 April 2020	3,753
Debited to the profit and loss account	12,483
At 31 March 2021	**16,236**

The deferred taxation assets comprises:	As at 31 March 2021 £	As at 31 March 2020 £
Accelerated capital allowances	**16,236**	3,753
At 31 March 2021	**16,236**	3,753

13. Obligations under leasing agreements

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

i) Below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Particulars	Buildings £	Total £
As at 1 April 2020	-	-
Additions	**106,733**	**106,733**
Prior period expenses	**7,305**	**7,305**
Depreciation expenses	**49,378**	**49,378**
As at 31 March 2021	**50,050**	**50,050**

ii) Below is the reconciliation of lease liabilities on transition to IFRS 16:

Particulars	**£**
Operating lease liability as on 31 March 2019	230,820
Less: Leases included in opening lease liability to which IFRS 16 is not applicable*	(230,820)
Lease liability recognised as at 1 April 2019	**-**
Operating lease liability as on 31 March 2020	283,344
Add : Impact on account of extension of existing lease term	26,402
Less: Leases included in opening lease liability to which IFRS 16 is not applicable*	(205,496)
Less: Impact of discounting on opening lease liability	(4,341)
Lease liability recognised as at 1 April 2020	**99,909**

* Includes short term leases which are of period less than 12 months and service charges.

iii) Below are the carrying amounts of operating lease liabilities (included under financial liabilities) and the movements during the period:

Particulars	**£**
As at 1 April 2020	
Additions	99,909
Accretion of interest	3,179
Payments	50,040
As at 31 March 2021	**53,048**
Current	**48,881**
Non-current	**4,167**

Maturity analysis of lease liability :

The contractual maturity analysis of lease liabilities are disclosed herein on an undiscounted basis-

Particulars	**As at 31 March 2021 £**	**As at 31 March 2020** £
Less than one year	**48,881**	283,344
More than 1 Year but less than 5 years	**4,167**	-
More than 5 years	**-**	**-**
	53,048	283,344

iv) The following are the amounts recognised in statement of profit or loss:

Particulars	**Year ended 31 March 2021 £**
Depreciation expense for right-of-use assets	**49,378**
Finance expense on lease liabilities	**3,179**
Expense relating to short-term leases	**71,600**
Total amount recognised in profit or loss	**124,157**

v) Total cash outflow for leases	**Year ended 31 March 2021 £**
- Leases for which lease liability is measured in accordance with IFRS 16	**50,040**
- Others	**71,600**
Total	**121,640**

14. Called up share capital

Authorized			**As at 31 March 2021 £**	**As at 31 March 2020** £
Number	Class	Nominal value		
100	Ordinary	£ 1	**100**	100

Allotted, issued and fully paid:			**2021 £**	2020 £
Number	Class			
100	Ordinary	£ 1	**100**	100

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2021

15. Reconciliation of operating profit to operating cash flows:-

	Year ended 31 March 2021	Year ended 31 March 2020
	£	£
Operating profit	**6,891,339**	2,463,764
Depreciation and amortisation expense	**55,122**	7,027
Tax on profit on ordinary activities	**1,616,486**	610,580
Decrease/(increase) in debtors	**(1,924,298)**	(2,378,379)
Add- Finance cost	**3,906**	-
Add- Leases finance cost IFRS 16	**3,179**	-
Increase/(decrease) in lease liabilities	**(50,040)**	-
Increase/(decrease) in creditors	**(299,445)**	2,818,316
Less: Corporation tax paid	**(608,334)**	(613,372)
Net cash inflow from operating activities-(A)	**5,687,915**	2,907,936

16. Analysis of cash flows for headings netted in the cash flow statement

Cash flows from investing activities		
Sale/(Purchase) of fixed assets net of right to use assets	**(15,086)**	(18,848)
Payments to acquire investments	**-**	(87)
Net cash outflow from investing activities (B)	**(15,086)**	**(18,935)**
Cash flows from financing activities		
Finance cost	**(3,906)**	
Net cash outflow from financing activities (C)	**(3,906)**	**-**
Net cash generated (A+B+C)	**5,668,923**	**2,889,001**
Cash and cash equivalent at 1 April	**4,394,813**	**1,505,812**
Cash and cash equivalent at 31 March	**10,063,736**	**4,394,813**

17. Analysis of change in net funds

	2020	Cash flow	Exchange gain on cash and cash equivalent	2021
	£	£	£	£
Net cash:				
Cash at bank and in hand	4,394,813	5,663,380	5,543	10,063,736
Total	**4,394,813**	**5,663,380**	**5,543**	**10,063,736**
Analysed in Balance Sheet				
Cash at bank and in hand	**4,394,813**			**10,063,736**

18. Ultimate parent company

The holding company and ultimate parent of Evolutionary Systems Company Limited is Mastek Limited, a company registered in India. The consolidated financial statements of Mastek Limited can be obtained from Mastek Limited, 804/805 President House, C.N. Vidyalaya, Near Ambawadi Circle, Ahmedabad - 380 006, India.

19. Pension commitment

During the year the Company paid contributions to a defined contribution pension scheme for its Directors and staff. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £ 54,078 (2020: £ 59,718).

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2021

20. First time adoption of FRS 101

The Company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. Accordingly, in the year ended 31 March 2021 the Company has changed its accounting framework from UK GAAP to FRS 101 and has, in doing so, applied the requirements of IFRS and related appendices. These financials statements have been prepared in accordance with FRS 101 'Reduced Disclosure framework".

This is the first year that the Company has presented its financial statement under FRS 101. The following disclosure is required in the year of transition. The last financial statement under previous GAAP were for the year ended 31 March 2020 and the date of transition to FRS 101 was therefore 01 April 2019.

Reconciliation of equity

Share capital	UK GAAP 2019	Effect of transition to FRS 101	FRS 101 2019	UK GAAP 2020	Effect of transition to FRS 101	FRS 101 2020
Share capital	100	-	100	100	-	100
Retained earning	3,095,875	-	3,095,875	5,559,639	(481)	5,559,158
Total equity	**3,095,975**	**-**	**3,095,975**	**5,559,739**	**(481)**	**5,559,258**

Transition impact to FRS 101 primarily represents impact on adoption of IFRS 16 Leases. Refer to the accounting policy related to "Leases".

	As at 31-Mar-20 £
Right of use asset as at inception of lease contract	**106,733**
Less: Accumulated amortisation as at 31 March 2020	**(7,305)**
Less: Lease liability as at 31 March 2020	**(99,909)**
Effect of transition to FRS 101	**(481)**

21. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Revenue recognition on long term contracts and related work in progress balances:

The Company applies the percentage of completion method in accounting for its fixed price contracts. Use of the percentage of completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. (Also refer note 1).

22. Covid- 19 impact assessment

The Company has assessed the impact of Covid-19 pandemic on its operations as well as financial reporting process, including but not limited to the areas of financial controls, credit risk, impairment of financial and non-financial assets, and cyber security pertaining to the remote access of information for the year ended 31 March 2021 and up to the date of approval of financial statements. While assessing the impact, company has considered all internal and external sources of information like industry reports, economic forecast, credit reports and company's business forecast basis the global economic consensus. Company expects to recover the carrying amount of its assets. Further, there have been no material impact on the business, infact pandemic opens up the new opportunities for IT businesses as the perspective of the economy is shifting towards digitalisation. Also there have been no material changes in the financial reporting process followed by the company because of the pandemic. The impact of COVID-19 may be different from that estimated as on the date of approval of these financial statements. However, the management and director's are confident that the company will be able to remain operational throughout the pandemic and in foreseeable future and they will continue to closely monitor any material changes to the business due to future economic conditions.