

Evolutionary Systems Company Limited
Annual Report for the year ended 31 March 2022

Registered Number 07559069

Evolutionary Systems Company Limited
Company Information

Directors

Bhinde, Yashodhar

Nahata, Umang Tejkaran

Auditors

Walker Chandiook & Co LLP 11th Floor,
Tower II, One International Center SB Marg,
Prabhadevi (W), Mumbai – 400013

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
Statement of comprehensive income for the year ended 31 March 2022

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
		£	£
Turnover	2	26,055,726	21,059,002
Cost of sales		<u>(14,660,160)</u>	<u>(11,224,999)</u>
Gross profit		11,395,566	9,834,003
Administration expense		<u>(2,312,779)</u>	<u>(1,332,115)</u>
Operating profit	3	9,082,787	8,501,888
Other income	6	<u>37,624</u>	<u>5,935</u>
Profit on ordinary activities before taxation		9,120,411	8,507,823
Tax on profit on ordinary activities	7	<u>(1,732,878)</u>	<u>(1,616,486)</u>
Profit for the financial year		7,387,532	6,891,337
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>7,387,532</u>	<u>6,891,337</u>

The financial statements were approved by the Board of Directors on _____ and were signed on its behalf by:

Yashodhar Bhide

- Director

Registered number: 07559069

The notes 1 to 21 form part of these financial statements.

Evolutionary Systems Company Limited
Balance sheet as at 31 March 2022

	Notes	As at 31 March 2022 £	As at 31 March 2021 £
Non current assets			
Fixed assets-			
Tangible assets	8	65,993	79,143
Investments	9	87	87
Deferred tax assets		5,910	-
		<u>71,990</u>	<u>79,230</u>
Current assets			
Investments	9	-	-
Debtors	10	12,714,757	8,993,217
Cash at bank and in hand	16	14,656,640	10,063,736
		<u>27,371,397</u>	<u>19,056,953</u>
Creditors-amounts falling due within one year	11	(7,601,094)	(6,616,304)
Lease liability - current	13	(4,166)	(53,048)
		<u>19,766,137</u>	<u>12,387,601</u>
Net current assets			
		<u>19,838,127</u>	<u>12,466,831</u>
Total assets less current liabilities			
		<u>19,838,127</u>	<u>12,466,831</u>
Lease liability - non current	13	-	-
Deferred tax liabilities	12	-	(16,236)
Net assets		<u>19,838,127</u>	<u>12,450,595</u>
Capital and reserves			
Called up share capital	14	100	100
Share premium		-	-
Other reserves		-	-
Retained earning		19,838,027	12,450,495
Total Equity		<u>19,838,127</u>	<u>12,450,595</u>

The financial statements were approved by the Board of Directors on _____ and were signed on its behalf by:

Yashodhar Bhide

- Director

Registered number: 07559069

The notes 1 to 21 form part of these financial statements.

Evolutionary Systems Company Limited

Statement of changes in equity for the year ended 31 March 2022

	Called up share capital	Share premium	Other reserves	Retained earning	Total
Balance as at March 31, 2020	100	-	-	5,559,639	5,559,739
Impact of IFRS 16 adoption				(481)	(481)
Profit for the financial year	-	-	-	6,891,337	6,891,337
Total comprehensive income for the year	100	-	-	12,450,495	12,450,595
Balance as at 31 March 2021	100	-	-	12,450,495	12,450,595
Profit for the financial year	-	-	-	7,387,532	7,387,532
Total comprehensive income for the year	100	-	-	19,838,027	19,838,127
Balance as at 31 March 2022	100	-	-	19,838,027	19,838,127

Cash flow statement for the year ended 31 March 2022

	Notes	Year ended 31 March 2022	Year ended 31 March 2021
		£	£
Net cash generated from operating activities	14	6,401,419	7,401,830
Taxation paid		(1,755,024)	(1,604,003)
Cash flow from financing activities	15	(4,884)	(7,085)
Cash flow from investing activities	15	(48,607)	(121,819)
Increase in cash in the year		4,592,904	5,668,923
Cash and cash equivalents at the beginning of the year	16	10,063,736	4,394,813
Exchange gain on cash and cash equivalent		-	-
Cash and cash equivalents at the end of the year		14,656,639	10,063,736

The notes 1 to 21 form part of these financial statements.

Evolutionary Systems Company Limited

Notes to the financial statements for the year ended 31 March 2022

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.

These financial statements were prepared in accordance with Financial Reporting Standard 102 (“FRS 102”) and applicable law.

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.

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 and borrowings. 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 and borrowings. 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

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

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.

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.

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2022

Disaggregated Revenue

The table below presents disaggregated revenues from contracts with customers by service line for each of our business segments. Company believe this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	2022	2021
	£	£
Licence Revenue	-	855,562
Service Revenue	26,055,726	20,203,440
Grand Total	26,055,726	21,059,002

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

Long term contracts

Debtors include amounts recoverable on contracts, which are stated at cost plus attributable profit to the extent that such profit is reasonably certain and after making provision for any foreseeable losses in completing contracts (as noted in the turnover accounting policy above), less payments received on account.

Cost comprises the direct costs of providing the goods and services, together with directly attributable overheads. Payments on account represent the excess of amounts billed over that recognised.

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.

Leases

The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported same as before.

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.

Evolutionary Systems Company Limited

Notes to the financial statements for the year ended 31 March 2022

i. Right of 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 impairment. Refer to the accounting policies note for impairment 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.

Research & Development credit

Research and Development credit is recognised only to the extent there is reasonable assurance that the related conditions will be met and amounts will be received.

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.

Evolutionary Systems Company Limited

Notes to the financial statements for the year ended 31 March 2022

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 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

Share premium: Amount received (on issue of shares) in excess of the par value has been classified as share premium.

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

Other reserves

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2022

2. Analysis of turnover

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Rendering of services	26,055,726	21,059,002
By geographical market:		
UK	25,437,946	20,367,161
Europe	617,780	691,841
Rest of world	-	-
	<u>26,055,726</u>	<u>21,059,002</u>

3. Staff costs

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Wages and salaries-Direct cost	4,637,071	3,306,615
Wages and salaries-Sales and admin	2,570,795	2,256,510
Social security costs	973,622	721,726
Other pension costs	97,545	52,765
	<u>8,279,033</u>	<u>6,337,616</u>

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

	2022 Number	2021 Number
Administration	1	1
Direct Labour	79	65
Sales	23	17
	<u>103</u>	<u>83</u>

4. Operating Profit

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
The operating profit is stated after charging:		
Other operating leases	10,254	100,736
Depreciation	49,378	55,122
Services provided by the Company's Auditor - fees payable for the audit	11,993	25,382
	<u>71,625</u>	<u>181,240</u>

5. Director's emoluments

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Aggregate emoluments		556,457
Company contributions to defined contribution pension plans	3,216	1,313
	<u>3,216</u>	<u>557,770</u>

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 2022	Year ended 31 March 2021
	£	£
Client reimbursement income	1,097	392
Other income	36,527	5,543
	<u>37,624</u>	<u>5,935</u>

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2022

7. Taxation

a) Analysis of tax charge in the year

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Current tax:		
UK corporation tax on profit for the year	1,755,024	1,604,003
Adjustment in respect of prior year	-	
	<u>1,755,024</u>	<u>1,604,003</u>
Deferred tax		
Origination and reversal of timing differences	(22,146)	12,483
	<u>1,732,878</u>	<u>1,616,486</u>

Tax on profit on ordinary activities

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% (2021: 19%) and the differences are explained below:

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Profit on ordinary activities before tax	9,120,411	8,507,823
Tax charge on profit at 19% (2021: 19%)	1,732,878	1,616,486
Effects of:		
Expenses not deductible for tax purposes	-	(10,708)
Capital allowances for period in excess of depreciation	-	(1,775)
Deferred tax credit		
Total current tax charge for the year	<u>1,732,878</u>	<u>1,604,004</u>

8. Tangible fixed assets

	Fixtures and fitting	Computer equipment	Right to use Assets	Total
	£	£	£	£
2021-2022				
Cost				
At 1 April 2021	8,386	49,749	106,733	164,868
Additions/(Deletion)	-	48,607	-	48,607
At 31 March 2022	<u>8,386</u>	<u>98,356</u>	<u>106,733</u>	<u>213,475</u>
Depreciation				
At 1 April 2021	8,386	20,656	56,683	85,725
Charge for the year	-	12,379	49,378	61,757
At 31 March 2022	<u>8,386</u>	<u>33,035</u>	<u>106,061</u>	<u>147,482</u>
Net book value				
At 31 March 2022	-	65,321	672	65,993
At 31 March 2021	-	29,093	50,050	79,143

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2022

2020-21	Fixtures and fitting £	Computer equipment £	Right to use Assets £	Total £
Cost				
At 1 April 2020	8,386	34,663	-	43,049
Prior period additions	-	-	106,733	106,733
Additions/(Deletion)	-	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
Prior period charge	-	-	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

9. Investments

Cost:	Current (£)	Non-current (£)
At 1 April 2021	-	87
At 31 March 2022	-	87

	Country of incorporation	At 31 March 2022		At 31 March 2021	
		Holding %	NBV £	Holding %	NBV £
Directly held investments					
Evolutionary Systems Netherlands BV	Netherlands	100.0%	87	100.0%	87

10. Debtors: amounts falling due within one year

	As at 31 March 2022 £	As at 31 March 2021 £
Trade debtors	5,881,836	5,254,233
Less: Provision for doubtful debts	(235,663)	(82,877)
	5,646,173	5,171,356
<u>Other Debtors</u>		
Amount recoverable on contracts	3,266,781	3,261,286
Amounts from group undertakings	1,950,896	456,850
Prepayments	97,274	74,646
Deposits	1,753,633	29,079
	12,714,757	8,993,217

11. Creditors: amounts falling due within one year

	As at 31 March 2022 £	As at 31 March 2021 £
Trade creditors	68,487	68,546
Amounts due to group undertakings	361,243	346,711
Corporation taxation	3,359,027	1,604,003
Social security and other taxes	1,100,127	746,127
Other creditors	1,226,067	1,012,883
Accruals and deferred income	1,486,143	2,838,034
	7,601,094	6,616,304

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2022

12. Deferred taxation

The full liability for deferred tax has been recognised in the accounts as follows:

At 1 April 2021	£	16,236
Credited to the profit and loss account		(22,146)
At 31 March 2022		<u>(5,910)</u>

The deferred taxation assets comprises:

	As at 31 March 2022	As at 31 March 2021
	£	£
Accelerated capital allowances	(5,910)	16,236
At 31 March 2022	<u>(5,910)</u>	<u>16,236</u>

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 2021	50,050	50,050
Additions	-	-
Prior period expenses	-	-
Depreciation expenses	49,378	49,378
As at 31 March 2022	<u>672</u>	<u>672</u>

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

Particulars	£
As at 1 April 2021	53,048
Additions	-
Accretion of interest	1,158
Payments	50,040
As at 31 March 2022	<u>4,166</u>
Current	4,166
Non-current	-

Maturity analysis of lease liability :

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

Particulars	As at 31 March 2022	As at 31 March 2021
	£	£
Less than one year	4,167	48,881
More than 1 Year but less than 5 years	-	4,167
More than 5 years	-	-
	<u>4,167</u>	<u>53,048</u>

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

Particulars	Year ended 31 March 2022
	£
Depreciation expense for right-of-use assets	49,378
Finance expense on lease liabilities	1,158
Expense relating to short-term, low value and variable leases	-
Total amount recognised in profit or loss	<u>50,536</u>

Evolutionary Systems Company Limited
Notes to the financial statements for the year ended 31 March 2022

14. Called up share capital

Authorized			As at 31 March 2022	As at 31 March 2021
Number	Class	Nominal value	£	£
100	Ordinary	£ 1	100	100
Allotted, issued and fully paid:			2022	2021
Number	Class		£	£
100	Ordinary	£ 1	100	100

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

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Operating profit	7,387,532	6,891,337
Depreciation and amortisation expense	61,757	62,427
Tax on profit on ordinary activities	1,732,878	1,616,486
Decrease/(increase) in debtors	(3,721,539)	(1,965,193)
Adjustment in retained earnings	-	(481)
Add- Finance cost	3,726	3,906
Add- Leases finance cost IFRS 16	1,158	3,179
Increase/(decrease) in lease liabilities	(48,882)	53,048
Increase/(decrease) in creditors	984,789	737,121
Less: Corporation tax paid	(1,755,024)	(1,604,003)
Net cash inflow from operating activities-(A)	4,646,395	5,797,827

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	(48,607)	(121,819)
Payments to acquire investments	-	-
Net cash outflow from investing activities (B)	(48,607)	(121,819)

Cash flows from financing activities

Finance cost	(4,884)	(7,085)
Net cash outflow from financing activities (C)	(4,884)	(7,085)

Net cash generated (A+B+C)	4,592,904	5,668,923
Cash and cash equivalent at 1 April	10,063,736	4,394,813
Cash and cash equivalent at 31 March	14,656,640	10,063,736

17. Analysis of change in net funds

	2021	Cash flow	Exchange gain on cash and cash equivalent	2022
	£	£	£	£
Net cash:				
Cash at bank and in hand	10,063,736	4,592,904	-	14,656,640
Total	10,063,736	4,592,904	-	14,656,640

Analysed in Balance Sheet

Cash at bank and in hand	10,063,736	14,656,640
--------------------------	------------	------------

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.

Evolutionary Systems Company Limited

Notes to the financial statements for the year ended 31 March 2022

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 £ 100,760.25 (2021: £ 54,077.82).

Previous year's figures have been reclassified / regrouped, wherever applicable to confirm to current year's classification.

21. 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 2022 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.