

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

Registered Number 07559069

Evolutionary Systems Company Limited

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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 2022

The Directors present their report and the audited financial statements of the Company for the year ended 31 March 2022

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 March 28, 2023 and signed on its behalf.

Yashodhar Bhinde
Director

DocuSigned by:

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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 2022

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:

2018	5,480,698
2019	13,260,904
2020	18,915,754
2021	21,059,002
2022	26,055,726

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 £ 7,387,531 (2021 : £ 6,891,339)

The Trade receivables of the Company has grown by GBP 2,022,830 out of which the majority is on account of services rendered to group undertakings which has witnessed an increase of GBP 1,494,046. The Company has positive operating cash flows which has led to an increase in Cash and Cash Equivalents by GBP 4,646,395 (net of taxes). There are no additional investments made in the current year and hence has no movement in these balances.

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.

· There is no significant adjusting or non adjusting event occurred between 31 March 2022 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.

Exchange 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

	2022	2021
Turnover	26,055,726	21,059,002
Direct cost	14,660,160	11,224,999
Gross profit margin	<u>11,395,566</u>	<u>9,834,003</u>
Gross profit margin %	44%	47%
Profit Before Tax	<u>9,120,409</u>	<u>8,507,825</u>

The financial results have an increase in revenue of 23.7% in comparison with the prior year. The profitability profile continues to be healthy and the gross profit margin has reduced from 47% to 44% year on year.

Net profit has increased despite increase in administrative expenses and lower margins, due to overall increase in turnover.

This report was approved by the board on ~~March 28, 2023~~..... and signed on its behalf.

Yashodhar Bhide
Director

DocuSigned by:

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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 2022, which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, 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 2022 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.

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.

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.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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 themselves. 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

As explained more fully in the directors' responsibilities statement, set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 within 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 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 its 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 application of the legal and regulatory requirements of Financial Reporting Standard 101 and the Companies Act 2006 as applicable to Evolutionary Systems Company Limited
- 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 within the business and the regularity of management's review of management accounts for indicators of material misstatement.

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.

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

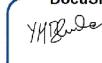
28 March 2023

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		(14,660,160)	(11,224,999)
Gross profit		11,395,566	9,834,003
Administration expense		(2,312,781)	(1,332,113)
Operating profit	4	9,082,785	8,501,890
Other income	6	37,624	5,935
Profit on ordinary activities before taxation		9,120,409	8,507,825
Tax on profit on ordinary activities	7	(1,732,878)	(1,616,486)
Profit for the financial year		7,387,531	6,891,339
Other comprehensive income for the year		-	-
Total comprehensive income for the year		7,387,531	6,891,339

The financial statements were approved by the Board of Directors on March 28, 2023 and were signed on its behalf by:

Yashodhar Bhide
- Director

DocuSigned by:

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Registered number: 07559069

The notes 1 to 20 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	12	5,910	-
		<u>71,990</u>	<u>79,230</u>
Current assets			
Debtors	10	11,016,048	8,993,218
Cash at bank and in hand	16	14,656,640	10,063,736
		<u>25,672,688</u>	<u>19,056,954</u>
Creditors-amounts falling due within one year	11	(5,902,384)	(6,616,303)
Lease liability - current	13	(4,166)	(48,881)
		<u>19,766,138</u>	<u>12,391,770</u>
Net current assets			
		<u>19,838,128</u>	<u>12,471,000</u>
Total assets less current liabilities			
Lease liability - non current	13	-	(4,167)
Deferred tax liabilities	12	-	(16,236)
Net assets		<u>19,838,128</u>	<u>12,450,597</u>
Capital and reserves			
Called up share capital	14	100	100
Share premium		-	-
Other reserves		-	-
Retained earning		19,838,028	12,450,497
Total Equity		<u>19,838,128</u>	<u>12,450,597</u>

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

DocuSigned by:

 Yashodhar Bhide
 - Director
 310AEF012ED2487...

Registered number: 07559069

The notes 1 to 20 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	-	-	-	6,891,339	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
Profit for the financial year	-	-	-	7,387,531	7,387,531
Total comprehensive income for the year	100	-	-	19,838,028	19,838,128
Balance as at 31 March 2022	100	-	-	19,838,028	19,838,128

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	15	£ 6,377,449	£ 6,296,249
Taxation paid		(1,731,054)	(608,334)
Cash flow from financing activities	16	(4,884)	(3,906)
Cash flow from investing activities	16	(48,607)	(15,086)
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
Cash and cash equivalents at the end of the year		14,656,640	10,063,736

The notes 1 to 20 form part of these financial statements.

Evolutionary Systems Company Limited**Notes to the financial statements for the year ended 31 December 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.

These financial statements were prepared in accordance with Financial Reporting Standard 101 (“FRS 101”) 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 continue to create uncertainty particularly over the level of demand for the company’s services. The company's management have considered the impact of current economic condition and have reviewed the forecasts and projections of the company for future years after taking into consideration the reasonably possible changes in business performance, show that the future business has no impact and the company should be able to operate within the level of its current cash reserves. 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.

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

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.

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.

Evolutionary Systems Company Limited**Notes to the financial statements for the year ended 31 December 2021****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.

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.

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

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 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**

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	6,919,983	5,911,397
Social security costs	832,334	721,726
Other pension costs	96,473	52,765
	<u>7,848,790</u>	<u>6,685,888</u>

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

	2022 Number	2021 Number
Administration and consultants	88	77
Director	1	1
	<u>89</u>	<u>78</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	19,250	17,500

5. Director's emoluments

	Year ended 31 March 2022	Year ended 31 March 2021
	£	£
Aggregate emoluments	328,051	556,457
Company contributions to defined contribution pension plans	4,288	1,313
	<u>332,339</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
	<u>1,755,024</u>	<u>1,604,003</u>
Deferred tax		
Origination and reversal of timing differences	(22,146)	12,483
Tax on profit on ordinary activities	<u>1,732,878</u>	<u>1,616,486</u>

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	9,120,409	8,507,825
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)
Total current tax charge for the year	<u>1,732,878</u>	<u>1,604,003</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

	Fixtures and fitting £	Computer equipment £	Right to use Assets £	Total £
2020-21				
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	<u>8,386</u>	<u>49,749</u>	<u>106,733</u>	<u>164,868</u>
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	<u>8,386</u>	<u>20,656</u>	<u>56,683</u>	<u>85,725</u>
Net book value				
At 31 March 2021	-	29,093	50,050	79,143
At 31 March 2020	-	19,751	-	19,751

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

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	5,254,234
Less: Provision for doubtful debts	(235,663)	(82,877)
	5,646,173	5,171,357
<u>Other Debtors</u>		
Amount recoverable on contracts	3,299,125	3,261,286
Amounts from group undertakings	1,950,896	456,850
Prepayments	97,275	74,646
Deposits	22,579	29,079
	11,016,048	8,993,218

11. Creditors: amounts falling due within one year

	As at 31 March 2022	As at 31 March 2021
	£	£
Trade creditors	171,512	68,546
Amounts due to group undertakings	393,587	346,711
Corporation taxation	1,627,973	1,604,003
Social security and other taxes	1,100,127	746,127
Other creditors	1,123,042	1,012,882
Accruals and deferred income	1,486,143	2,838,034
	5,902,384	6,616,303

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		(5,910)

	As at 31 March 2022	As at 31 March 2021
	£	£
The deferred taxation assets comprises:		
Accelerated capital allowances	(5,910)	16,236
At 31 March 2022	(5,910)	16,236

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	672	672

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

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	4,166	48,881
More than 1 Year but less than 5 years	-	4,167
More than 5 years	-	-
	<u>4,166</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>

14. Called up share capital

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

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

	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Operating profit	7,387,531	6,891,339
Depreciation and amortisation expense	61,757	55,122
Tax on profit on ordinary activities	1,732,878	1,616,486
Decrease/(increase) in debtors	(2,022,830)	(1,924,298)
Add- Finance cost	3,726	3,906
Add- Leases finance cost IFRS 16	1,158	3,179
Increase/(decrease) in lease liabilities	(48,882)	(50,040)
Increase/(decrease) in creditors	(737,889)	(299,445)
Less: Corporation tax paid	(1,731,054)	(608,334)
Net cash inflow from operating activities-(A)	<u>4,646,395</u>	<u>5,687,915</u>

Evolutionary Systems Company Limited

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

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)	(15,086)
Payments to acquire investments	-	-
Net cash outflow from investing activities (B)	(48,607)	(15,086)

Cash flows from financing activities

Finance cost	(4,884)	(3,906)
Net cash outflow from financing activities (C)	(4,884)	(3,906)

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.

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 (2021: £ 54,078).

20. 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