

Mastek Systems Company Limited
Annual Report for the year ended 31 March 2023

Registered Number 07559069

Mastek Systems Company Limited
Company Information

Directors

Bhinde, Yashodhar
Nahata, Umang Tejkaran

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

Mastek Systems Company Limited**Statement of comprehensive income for the year ended 31 March 2023**

		Year ended 31 March 2023	Year ended 31 March 2022
	Notes	£	£
Turnover	2	3,25,00,280	2,60,55,726
Cost of sales		<u>(2,18,64,737)</u>	<u>(1,46,60,160)</u>
Gross profit		1,06,35,543	1,13,95,566
Administration expense		<u>(37,28,657)</u>	<u>(23,12,781)</u>
Operating profit	4	69,06,886	90,82,785
Other income	6	<u>2,86,817</u>	<u>37,624</u>
Profit on ordinary activities before taxation		71,93,703	91,20,409
Tax on profit on ordinary activities	7	<u>(13,34,505)</u>	<u>(17,32,878)</u>
Profit for the financial year		58,59,198	73,87,531
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>58,59,198</u>	<u>73,87,531</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 20 form part of these financial statements.

Mastek Systems Company Limited
Balance sheet as at 31 March 2023

	Notes	As at 31 March 2023 £	As at 31 March 2022 £
Non current assets			
Fixed assets-			
Tangible assets	8	77,216	65,993
Investments	9	87	87
Deferred tax assets	12	64,970	5,910
		<u>1,42,273</u>	<u>71,990</u>
Current assets			
Debtors	10	2,93,87,618	1,10,16,048
Cash at bank and in hand	16	21,51,860	1,46,56,640
		<u>3,15,39,479</u>	<u>2,56,72,688</u>
Creditors-amounts falling due within one year	11	(59,84,425)	(59,02,384)
Lease liability - current	13	-	(4,166)
Net current assets		<u>2,55,55,054</u>	<u>1,97,66,138</u>
Total assets less current liabilities		<u>2,56,97,326</u>	<u>1,98,38,128</u>
Lease liability - non current	13	-	-
Deferred tax liabilities	12	-	-
Net assets		<u>2,56,97,326</u>	<u>1,98,38,128</u>
Capital and reserves			
Called up share capital	14	100	100
Retained earning		2,56,97,226	1,98,38,028
Total Equity		<u>2,56,97,326</u>	<u>1,98,38,128</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 20 form part of these financial statements.

Mastek Systems Company Limited

Statement of Changes in Equity for the year ended 31 March 2023

	Called up share capital	Retained earning	Total
Balance as at 1 April 2021	100	1,24,50,497	1,24,50,597
Profit for the financial year	-	73,87,531	73,87,531
Total comprehensive income for the year	100	1,98,38,028	1,98,38,128
Balance as at 31 March 2022	100	1,98,38,028	1,98,38,128
Profit for the financial year	-	58,59,198	58,59,198
Total comprehensive income for the year	100	2,56,97,226	2,56,97,326
Balance as at 31 March 2023	100	2,56,97,226	2,56,97,326

Cash flow statement for the year ended 31 March 2023

		Year ended 31 March 2023	Year ended 31 March 2022
	Notes	£	£
Net cash generated from operating activities	15	(94,46,441)	63,77,449
Taxation paid		(30,21,538)	(17,31,054)
Cash flow from financing activities	16	(3,941)	(4,884)
Cash flow from investing activities	16	(32,859)	(48,607)
Increase in cash in the year		(1,25,04,779)	45,92,904
Cash and cash equivalents at the beginning of the year	16	1,46,56,640	1,00,63,736
Cash and cash equivalents at the end of the year		21,51,861	1,46,56,640

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

Mastek Systems Company Limited

Notes to the Financial Statements for the year ended 31 March 2023

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.

Mastek Systems Company Limited

Notes to the Financial Statements for the year ended 31 March 2023

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.

	2023	2022
	£	£
Licence Revenue	-	-
Service Revenue	3,25,00,280	2,60,55,726
Grand Total	3,25,00,280	2,60,55,726

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.

Mastek Systems Company Limited
Notes to the Financial Statements for the year ended 31 March 2023

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.

Mastek Systems Company Limited
Notes to the Financial Statements for the year ended 31 March 2023

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

Mastek Systems Company Limited
Notes to the Financial Statements for the year ended 31 March 2023

2. Analysis of turnover

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Rendering of services	3,25,00,280	2,60,55,726
By geographical market:		
UK	3,24,67,980	2,54,37,946
Europe	28,183	6,17,780
Rest of world	4,118	-
	<u>3,25,00,280</u>	<u>2,60,55,726</u>

3. Staff costs

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Wages and salaries-Direct cost	92,37,969	69,19,983
Social security costs	11,81,117	8,32,334
Other pension costs	2,56,074	96,473
	<u>1,06,75,160</u>	<u>78,48,790</u>

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

	2023 Number	2022 Number
Administration and consultants	113	88
Director	1	1
	<u>114</u>	<u>89</u>

4. Operating Profit

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
The operating profit is stated after charging:		
Other operating leases	10,022	10,254
Depreciation	672	49,378
Services provided by the Company's Auditor - fees payable for the audit	20,233	19,250

5. Director's emoluments

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Aggregate emoluments	3,50,483	3,28,051
Company contributions to defined contribution pension plans	6,413	4,288
	<u>3,56,896</u>	<u>3,32,339</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 2023	Year ended 31 March 2022
	£	£
Client reimbursement income	26,049	1,097
Other income	2,60,768	36,527
	<u>2,86,817</u>	<u>37,624</u>

Mastek Systems Company Limited
Notes to the Financial Statements for the year ended 31 March 2023

7. Taxation

a) Analysis of tax charge in the year

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Current tax:		
UK corporation tax on profit for the year	13,93,565	17,55,024
	<u>13,93,565</u>	<u>17,55,024</u>
Deferred tax		
Origination and reversal of timing differences	(59,060)	(22,146)
Tax on profit on ordinary activities	<u>13,34,505</u>	<u>17,32,878</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 2023	Year ended 31 March 2022
	£	£
Profit on ordinary activities before tax	71,93,703	91,20,409
Tax charge on profit at 19% (2022: 19%)	13,66,804	17,32,878
Effects of:		
Expenses not deductible for tax purposes	(30,426)	-
Capital allowances for period in excess of depreciation	(1,873)	-
Total current tax charge for the year	<u>13,34,505</u>	<u>17,32,878</u>

8. Tangible fixed assets

	Fixtures and fitting £	Computer equipment £	Right to use Assets £	Total £
2022-2023				
Cost				
At 1 April 2022	8,386	98,356	1,06,733	2,13,475
Additions/(Deletion)	-	32,859	(1,06,733)	(73,874)
At 31 March 2023	8,386	1,31,215	-	1,39,601
Depreciation				
At 1 April 2022	8,386	33,035	1,06,061	1,47,482
Charge for the year	-	20,965	672	21,637
Less: Deletion	-	-	(1,06,733)	-
At 31 March 2023	8,386	54,000	-	62,386
Net book value				
At 31 March 2023	-	77,216	-	77,216
At 31 March 2022	-	65,321	672	65,993
2021-2022				
Cost				
At 1 April 2021	8,386	49,749	1,06,733	1,64,868
Prior period additions	-	-	-	-
Additions/(Deletion)	-	48,607	-	48,607
At 31 March 2022	8,386	98,356	1,06,733	2,13,475
Depreciation				
At 1 April 2021	8,386	20,656	56,683	85,725
Prior period charge	-	-	-	-
Charge for the year	-	12,379	49,378	61,757
At 31 March 2022	8,386	33,035	1,06,061	1,47,482
Net book value				
At 31 March 2022	-	65,321	672	65,993
At 31 March 2021	-	29,093	50,050	79,143

Mastek Systems Company Limited
Notes to the Financial Statements for the year ended 31 March 2023

9. Investments

Cost:	Current (£)	Non-current (£)
At 1 April 2022		87
At 31 March 2023	-	87

	Country of incorporation	At 31 March 2023		At 31 March 2022	
		Holding %	NBV £	Holding %	NBV £
Directly held investments					
Evolutionary Systems Netherlands BV	Netherlands	100.0%	87	0.0%	87

10. Debtors: amounts falling due within one year

	As at 31 March 2023	As at 31 March 2022
	£	£
Trade debtors	48,90,694	58,81,836
Less: Provision for doubtful debts	(3,78,667)	(2,35,663)
	45,12,027	56,46,173
<u>Other Debtors</u>		
Amount recoverable on contracts	90,47,275	32,99,125
Amounts from group undertakings	1,53,64,115	19,50,896
Prepayments	74,125	97,275
Deposits	23,529	22,579
Corporation taxation	3,57,349	0
Other current assets	9,199	-
	2,93,87,618	1,10,16,048

11. Creditors: amounts falling due within one year

	As at 31 March 2023	As at 31 March 2022
	£	£
Trade creditors	1,37,081	1,71,512
Amounts due to group undertakings	18,55,996	3,93,587
Corporation taxation	-	16,27,973
Social security and other taxes	15,11,531	11,00,127
Other creditors	10,34,661	11,23,042
Accruals and deferred income	14,45,156	14,86,143
	59,84,425	59,02,384

12. Deferred taxation

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

At 1 April 2022	£	(5,910)
Credited to the profit and loss account		(59,060)
At 31 March 2023		(64,970)

The deferred taxation assets comprises:

	As at 31 March 2023	As at 31 March 2022
	£	£
Accelerated capital allowances	(64,970)	(5,910)
At 31 March 2023	(64,970)	(5,910)

Mastek Systems Company Limited
Notes to the Financial Statements for the year ended 31 March 2023

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 2022	672	672
Additions	-	-
Depreciation expenses	672	672
As at 31 March 2023	-	-

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 2022	4,166
Additions	4
Accretion of interest	-
Payments	4,170
As at 31 March 2023	-
Current	-
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 2023	As at 31 March 2022
	£	£
Less than one year	-	4,166
More than 1 Year but less than 5 years	-	-
More than 5 years	-	-
	-	4,166

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

Particulars	Year ended 31 March 2023	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	-	50,536

14. Called up share capital

Authorized			As at 31 March 2023	As at 31 March 2022
Number	Class	Nominal value	£	£
100	Ordinary	£ 1	100	100

Allotted, issued and fully paid:			2023	2022
Number	Class		£	£
100	Ordinary	£ 1	100	100

Mastek Systems Company Limited
Notes to the Financial Statements for the year ended 31 March 2023

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

	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Operating profit	58,59,198	73,87,531
Depreciation and amortisation expense	21,637	61,757
Tax on profit on ordinary activities	13,34,505	17,32,878
Decrease/(increase) in debtors	(1,83,71,570)	(20,22,830)
Add- Finance cost	3,937	3,726
Add- Leases finance cost IFRS 16	4	1,158
Increase/(decrease) in lease liabilities	(4,166)	(48,882)
Increase/(decrease) in creditors	17,10,014	(7,37,889)
Less: Corporation tax paid	(30,21,538)	(17,31,054)
Net cash inflow from operating activities-(A)	(1,24,67,979)	46,46,395

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	(32,859)	(48,607)
Payments to acquire investments		-
Net cash outflow from investing activities (B)	(32,859)	(48,607)

Cash flows from financing activities

Finance cost	(3,941)	(4,884)
Net cash outflow from financing activities (C)	(3,941)	(4,884)

Net cash generated (A+B+C)	(1,25,04,779)	45,92,903
Cash and cash equivalent at 1 April	1,46,56,640	1,00,63,736
Cash and cash equivalent at 31 March	21,51,860	1,46,56,640

17. Analysis of change in net funds

	2022	Cash flow	Exchange gain on cash and cash equivalent	2023
	£	£	£	£
Net cash:				
Cash at bank and in hand	-	21,51,860		21,51,860
Total	-	21,51,860	-	21,51,860
Analysed in Balance Sheet				
Cash at bank and in hand	-			21,51,860

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. Vidyalyaya, 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 £ 251,159 (2022: £ 100,760).

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:

Mastek Systems Company Limited

Notes to the Financial Statements for the year ended 31 March 2023

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