Registered number: 02582346

# HEADSTRONG (UK) LIMITED

## ANNUAL REPORT AND FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2017

**HEADSTRONG (UK) LIMITED**

## COMPANY INFORMATION

| | |
|---|---|
| **Directors** | Ahmed Jamil Mazhari<br>Sharon May Thomas<br>Santosh Pushpangadan Kallatu |
| **Company secretary** | Entity Central Corporate Services (UK) Limited |
| **Registered number** | 02582346 |
| **Registered office** | 66 Buckingham Gate<br>4th Floor<br>London<br>SW1E 6AU |
| **Independent auditor** | Mazars LLP<br>Chartered Accountants & Statutory Auditor<br>The Pinnacle<br>160 Midsummer Boulevard<br>Milton Keynes<br>MK9 1FF |

HEADSTRONG (UK) LIMITED

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# STRATEGIC REPORT
# FOR THE YEAR ENDED 31 DECEMBER 2017

## Introduction

The directors present their strategic report for the year ended 31 December 2017.

## Business review

The Directors report that 2017 was a mixed financial year for Headstrong (UK) Ltd.

The company continued its principal activities of providing computer systems development services and the supply of information technology products throughout the period.

## Principal risks and uncertainties

The company is a global consulting and technology services firm focusing on applications outsourcing, technology consulting and systems integration. The company applies its vertical industry domain knowledge, technical experience and methodologies in collaboration with its clients to provide solutions that address important business opportunities and needs.

The company has risks relating to the retention of employees, competition in the market, currency and credit risk. The board reviews and agrees policies for managing each of these risks and which arc summarised below:

Foreign currency risk
The company is exposed to foreign currency risks arising from sales or purchases by businesses in currencies other than its functional currency. The company manages this risk by operating its business transaction from different currencies bank account. The company's transactions are mainly in sterling & US Dollars which exposes the company to foreign exchange rate fluctuation. The company does not hedge any currency exposures.

Interest rate risk
The company manages its interest rate risk by financing its operations through a mixture of retained profits, cash balances and balances with group undertakings.

Credit risk
The company manages its credit risk by thorough rigorous debt collection procedures.

Employee retention risk
This is managed by better role and profile alignment, ensuring good utilisation of employees, better and competitive pay and employee friendly HR policies.

## Financial key performance indicators

Management use a range of performance measures to monitor and manage the business. The performance measures are split into financial and non-financial key performance indicators. As shown in the company's profit and loss account, the revenue level for 2017 has decreased from the previous year. The company made a loss before tax of £602,801 during the year. The net asset position is decreased by £548,850 at the year end.

This report was approved by the board on 27/09/18 and signed on its behalf.

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**Sharon May Thomas**
Director

## DIRECTORS' REPORT
## FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the financial statements for the year ended 31 December 2017.

**Directors**

The Directors who served during the year were:

Ahmed Jamil Mazhari
Sharon May Thomas
Santosh Pushpangadan Kallatu

**Results and dividends**

The loss for the year, after taxation, amounted to £548,850 (2016 - loss £960,077).

There were no dividends issued during the year (2016: £Nil).

**Directors' responsibilities statement**

The Directors are responsible for preparing the Strategic Report, the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements 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 to 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.

**DIRECTORS' REPORT (CONTINUED)**
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**Future developments**

We are cautiously optimistic about the future. The clients are under continued pressure to reduce cost due to margin pressure and regulatory tines. It provides opportunity for more outsourcing but some of the strategic programs are being re considered. The clients are looking at vendor consolidation to reduce costs. The client's process to add new vendors is becoming more complex and time consuming. We have been able to bundle Genpact & Headstrong capabilities and positioned ourselves as a "One Stop Shop" to be in the shortlist. We are focusing on mining existing accounts better to meet current year revenues and working with our prospects to get to their preferred vendor list in future.

Capital Markets (Headstrong) and BFS (Banking Financial Services) are becoming even more integrated due to the fact that in Europe both now fall under one leadership. This will increase the cross- and up sell opportunities in both verticals for the near future.

**Matters covered in the strategic report**

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (accounts and reports) Regulations 2008 certain matters which are required to be disclosed in the directors' report have been omitted as they are included in the Strategic Report instead. These matters relate to Business Review, Key Performance indicators and Principal risks and uncertainties.

**Disclosure of information to auditor**

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditor**

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

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**Sharon May Thomas**
Director

Date: 27/09/18

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEADSTRONG (UK) LIMITED

### Opinion

We have audited the financial statements of Headstrong (UK) Limited (the 'Company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 December 2017 and of its loss 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEADSTRONG (UK) LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In 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.

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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEADSTRONG (UK) LIMITED

**Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement set out on page 2, 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of the audit 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.

Stephen Brown

Stephen Brown (Senior statutory auditor)

for and on behalf of

Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF

Date: 28 September 2018

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | Note | 2017<br>£ | 2016<br>£ |
|---|---|---|---|
| Turnover | 4 | 11,749,786 | 12,093,095 |
| Cost of sales | | (9,990,704) | (10,374,048) |
| **Gross profit** | | 1,759,082 | 1,719,047 |
| Administrative expenses | | (2,361,883) | (2,893,140) |
| **Operating loss** | 5 | (602,801) | (1,174,093) |
| Interest receivable and similar income | | - | 21,858 |
| **Loss before tax** | | (602,801) | (1,152,235) |
| Tax on loss | 9 | 53,951 | 192,158 |
| **Loss for the financial year** | | (548,850) | (960,077) |
| Other comprehensive income | | - | - |
| **Total comprehensive income for the year** | | (548,850) | (960,077) |

The notes on pages 11 to 24 form part of these financial statements.

## BALANCE SHEET
## AS AT 31 DECEMBER 2017

| | Note | | 2017 £ | | 2016 £ |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Tangible assets | 10 | | 107,953 | | 131,520 |
| | | | 107,953 | | 131,520 |
| **Current assets** | | | | | |
| Debtors: amounts falling due within one year | 11 | 7,166,817 | | 6,560,694 | |
| Cash at bank and in hand | | 5,735,743 | | 6,371,823 | |
| | | 12,902,560 | | 12,932,517 | |
| Creditors: amounts falling due within one year | 13 | (4,257,047) | | (3,761,721) | |
| **Net current assets** | | | 8,645,513 | | 9,170,796 |
| **Total assets less current liabilities** | | | 8,753,466 | | 9,302,316 |
| **Net assets** | | | 8,753,466 | | 9,302,316 |
| **Capital and reserves** | | | | | |
| Called up share capital | 15 | | 3,734,044 | | 3,734,044 |
| Share premium account | 16 | | 6,476,788 | | 6,476,788 |
| Profit and loss account | 16 | | (1,457,366) | | (908,516) |
| | | | 8,753,466 | | 9,302,316 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

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**Sharon May Thomas**
Director

Date: 27/09/18

The notes on pages 11 to 24 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2017

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 January 2017 | 3,734,044 | 6,476,788 | (908,516) | 9,302,316 |
| **Comprehensive income for the year** | | | | |
| Loss for the year | - | - | (548,850) | (548,850) |
| **Other comprehensive income for the year** | - | - | - | - |
| **Total comprehensive income for the year** | - | - | (548,850) | (548,850) |
| **Total transactions with owners** | - | - | - | - |
| **At 31 December 2017** | 3,734,044 | 6,476,788 | (1,457,366) | 8,753,466 |

The notes on pages 11 to 24 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 31 DECEMBER 2016

| | Called up share capital | Share premium account | Profit and loss account | Total equity |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| At 1 January 2016 | 104 | 6,476,788 | 51,561 | 6,528,453 |
| **Comprehensive income for the year** | | | | |
| Loss for the year | - | - | (960,077) | (960,077) |
| **Other comprehensive income for the year** | - | - | - | - |
| **Total comprehensive income for the year** | - | - | (960,077) | (960,077) |
| Shares issued during the year | 3,733,940 | - | - | 3,733,940 |
| **Total transactions with owners** | 3,733,940 | - | - | 3,733,940 |
| **At 31 December 2016** | 3,734,044 | 6,476,788 | (908,516) | 9,302,316 |

The notes on pages 11 to 24 form part of these financial statements.

## 1. General information

Headstrong (UK) Limited is a private company, limited by shares, domiciled and incorporated in England and Wales. The address of its registered office and principal place of business is 66 Buckingham Gate, 4th Floor, London, United Kingdom, SW1E 6AU. Company number 02582346.

The principal activity of the Company is of consultancy services.

The financial statements are prepared in Pounds Sterling as this is the functional currency of the economic environment in which the Company operates.

Monetary amounts in these financial statements are rounded to the nearest £.

## 2. Accounting policies

### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company accounting policies (see note 3).

The following principal accounting policies have been applied:

### 2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statemetns of Genpact Limited as at 31 December 2017 and these financial statements may be obtained from Canon's Court, 22 Victoria Street, Hamilton, HM EX, Bermuda.

### 2.3 Going concern

The directors have considered the budgets and cash flow forecasts for the Company and believe that the Company will be able to meet its liabilities as they fall due and so the financial statements have been prepared on a going concern basis.

## 2. Accounting policies (continued)

### 2.4 Foreign currency translation

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

### 2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

### 2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

## 2. Accounting policies (continued)

### 2.8 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge 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 charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet 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 except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### 2.10 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## 2. Accounting policies (continued)

### 2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

| | | |
|---|---|---|
| Leasehold improvements | - | 20% |
| Computers | - | 25% |
| Plant and machinery | - | 25% |
| Fixtures and fittings | - | 25% |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

### 2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### 2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

### 2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### 2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

## 2. Accounting policies (continued)

### 2.15 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

## 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Companies accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence at the time when the decisions are made, and based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects both current and future periods.

**Critical judgements in applying the Company's accounting policies**
The critical judgements that the directors have made in the process of applying the companies accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

**Key sources of estimation uncertainty**
The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Recoverability of receivables**
The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

**Depreciation method**
Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

## 4. Turnover

An analysis of turnover by class of business is as follows:

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Consultancy services | 11,749,786 | 12,093,095 |

Analysis of turnover by country of destination:

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| United Kingdom | 6,236,540 | 10,506,388 |
| Rest of the world | 5,513,246 | 1,586,707 |
| | 11,749,786 | 12,093,095 |

## 5. Operating loss

The operating loss is stated after charging:

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Depreciation | 79,442 | 51,570 |
| Exchange differences | 168,152 | (92,962) |
| Other operating lease rentals | 13,660 | 10,790 |
| Operating lease rentals - property | 214,083 | 200,303 |

The directors received no renumeration during the year (2016: £nil).

## 6. Auditor's remuneration

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Fees payable to the Company's auditor for the audit of the Company's annual financial statements | 15,739 | 21,500 |
| **Fees payable to the Company's auditor in respect of:** | | |
| All other services | 1,000 | 17,273 |

## 7. Employees

Staff costs were as follows:

| | 2017 £ | 2016 £ |
|---|---|---|
| Wages and salaries | 7,482,832 | 8,356,184 |
| Social security costs | 861,296 | 459,149 |
| Cost of defined contribution scheme | - | 42,521 |
| | 8,344,128 | 8,857,854 |

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

| | 2017 No. | 2016 No. |
|---|---|---|
| Consulting | 76 | 76 |
| Sales and support staff | 22 | 11 |
| | 98 | 87 |

## 8. Interest receivable

| | 2017 £ | 2016 £ |
|---|---|---|
| Other interest receivable | - | 21,858 |

## 9. Taxation

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| **Corporation tax** | | |
| Current tax on profits for the year | (142,367) | - |
| **Total current tax** | (142,367) | - |
| **Deferred tax** | | |
| Originations and reversal of timing differences | 88,416 | (192,158) |
| **Total deferred tax** | 88,416 | (192,158) |
| **Taxation on loss on ordinary activities** | (53,951) | (192,158) |

## 9. Taxation (continued)

### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2016 - higher than) the standard rate of corporation tax in the UK of 19.25% (2016 - 20%). The differences are explained below:

| | 2017 £ | 2016 £ |
|---|---|---|
| Loss on ordinary activities before tax | (602,801) | (1,152,235) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016 - 20%) | (116,039) | (230,447) |
| **Effects of:** | | |
| Expenses not deductible for tax purposes | - | 1,334 |
| Adjustment to deferred tax due to tax rate change | - | 10,114 |
| Other differences leading to an increase (decrease) in the tax charge | 62,088 | 26,841 |
| **Total tax charge for the year** | (53,951) | (192,158) |

### Factors that may affect future tax charges

In the Finance Act 2016 further changes to the future rates of Corporation tax were enacted on 15 September 2016. Under this legislation, the rate of Corporation tax was reduced from 20% to 19% from April 2017 and further reduced to 17% from April 2020.

## 10. Tangible fixed assets

| | Plant and machinery £ | Fixtures and fittings £ | Computer equipment £ | Leasehold improvements £ | Total £ |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| At 1 January 2017 | 79,432 | 136,699 | 20,626 | 1,085 | 237,842 |
| Additions | - | - | 55,875 | - | 55,875 |
| Transfers between classes | (48,213) | (12,829) | (801) | 61,843 | - |
| At 31 December 2017 | 31,219 | 123,870 | 75,700 | 62,928 | 293,717 |
| **Depreciation** | | | | | |
| At 1 January 2017 | 34,127 | 50,562 | 20,625 | 1,008 | 106,322 |
| Charge for the year on owned assets | 5,109 | 29,963 | 28,638 | 15,732 | 79,442 |
| Transfers between classes | (15,856) | (2,627) | (3,569) | 22,052 | - |
| At 31 December 2017 | 23,380 | 77,898 | 45,694 | 38,792 | 185,764 |
| **Net book value** | | | | | |
| At 31 December 2017 | 7,839 | 45,972 | 30,006 | 24,136 | 107,953 |
| At 31 December 2016 | 45,305 | 86,137 | 1 | 77 | 131,520 |

## 11. Debtors

| | 2017 £ | 2016 £ |
|---|---|---|
| Trade debtors | 47,386 | 1,883,211 |
| Amounts owed by group undertakings | 6,109,124 | 3,416,138 |
| Other debtors | 119,614 | 120,376 |
| Prepayments and accrued income | 786,951 | 948,811 |
| Deferred taxation | 103,742 | 192,158 |
| | 7,166,817 | 6,560,694 |

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

## 12. Cash and cash equivalents

| | 2017 £ | 2016 £ |
|---|---|---|
| Cash at bank and in hand | 5,735,743 | 6,371,823 |

## 13. Creditors: Amounts falling due within one year

| | 2017 £ | 2016 £ |
|---|---|---|
| Trade creditors | 2,137 | 11,016 |
| Amounts owed to group undertakings | 2,477,364 | 1,990,342 |
| Corporation tax | - | 24 |
| Other taxation and social security | 818,670 | 383,892 |
| Other creditors | 333,318 | 314,316 |
| Accruals and deferred income | 625,558 | 1,062,131 |
| | 4,257,047 | 3,761,721 |

Amounts owed to group undertakings are interest free, unsecured and repayable on demand.

## 14. Deferred taxation

| | 2017 £ |
|---|---|
| At beginning of year | 192,158 |
| Utilised in year | (88,416) |
| **At end of year** | 103,742 |

The deferred tax asset is made up as follows:

| | 2017 £ | 2016 £ |
|---|---|---|
| Tax losses carried forward | 103,742 | 192,158 |

## 15. Share capital

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| **Allotted, called up and fully paid** | | |
| 3,734,044 Ordinary shares of £1 each | 3,734,044 | 3,734,044 |

Ordinary shares carry equal voting rights and entitlement to distributable reserves.

## 16. Reserves

### Share premium account

This reserve represents the excess amount received that was above the cost amount of the shares issues.

### Profit and loss account

The profit and loss account reserve represents cumulative profits and losses of the Company less dividends paid.

## 17. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2017<br>£ | 2016<br>£ |
|---|---|---|
| Not later than 1 year | 146,200 | 146,200 |
| Later than 1 year and not later than 5 years | 147,824 | 304,583 |
| | 294,024 | 450,783 |

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

## 18. Other financial commitments

The Company created a Rent Deposit Deed dated 13 October 2008, to secure £69,941 due or becoming due from the Company to the lessor of the Company premises.

## 19. Related party transactions

The Company has taken advantage of the exemption available in accordance with Section 33 of FRS 102 not to disclose transactions entered between two or more members of a group, as the Company is a wholly owned subsidiary undertakings of the group to which it is party to its transactions.

**20. Ultimate parent undertaking and controlling party**

The ultimate parent company is Genpact Limited, a company incorporated in Bermuda.

The Company's immediate parent undertaking is Headstrong Worldwide Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the Company are consolidated is that headed by the company's ultimate parent undertaking, Genpact Limited. The consolidated financial statements of Genpact Limited this company are available to the public and may be obtained from Canon's Court, 22 Victoria Street, Hamilton, HM EX, Bermuda.