Registered number: 07420922

Knit Limited

Annual report

For the period ended 31 March 2017

Knit Limited

Company Information

Directors	C Rajebahadur S Kishore S Jambhale
Registered number	07420922
Registered office	5 Fleet Place London England EC4M 7RD
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditors 2nd Floor 3 St James Court Whitefrairs Norwich NR3 1RJ
Accountants	Price Bailey 20 Central Avenue St Andrews Business Park Thorpe St Andrew Norwich Norfolk NR70HR

Knit Limited

Contents

Strategic report
For the period ended 31 March 2017

The directors present their strategic report on the company for the period ended 31 March 2017.

Business review

During the period the company's parent Foolproof Limited was acquired by Zensar Technologies (UK) Limited. Following the acquisition the company's ultimate controlling party is Zensar Technologies Limited.

The results for the period and the financial position at the period-end were considered satisfactory for the directors who are confident of continued growth for the foreseeable future.

Post acquisition, the company has won projects with a Zensar group client which will help further grow the business.

Further information on results are provided in Financial key performance indicators section below.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subjected to a number of business risks. The company ensures a continuous risk identification and management process, they evaluate the risks and select appropriate risk management strategies.

The principal risks to which the company is exposed are listed below:

<u>Risk of over reliance on key clients</u>
Excessive exposure to a few clients could impact the company's revenues and profitability in case of loss of these clients or a significant downsizing of projects given to the company by these clients.

Risk mitigation
The company has been engaged in long-term relationships with its major customers thus mitigating the risk of inconsistent revenues. The company also, on a periodical basis, regularly updates its clients' credit risk assessments.

<u>Risk of over reliance on key industry sectors</u>
The company may be excessively dependent on certain industry sectors. A downturn in the fortunes of clients or a reduction in their IT spending / budgets, would adversely affect the company's own profitability.

Risk mitigation
The company has prudently selected the industry sectors on the basis of their rapid growth and the critical dependence of these sectors on IT solutions to increase their respective business efficiency. The directors consider that the company has sufficiently distributed its business across industry sectors to mitigate any risk of such exposure.

<u>Risk of salary price inflation and competition from third party global agencies</u>
With salary price inflation and growing third party competitors around the world, the company's profitability is at risk of being adversely impacted. The main risk is due to the increases in expenses without the ability to increase revenue at the same rate.

Risk mitigation
The company prides itself on the years of experience of working alongside major global brands, alongside employing the largest talent pool of experience designers of any independent experience design agency in Europe. The directors believe that these years of experience and highly talented workforce will set them apart from the third party agencies and will mitigate the risk of being unable to increase the prices inline with salary inflation.

Financial key performance indicators

The operation of the company are closely monitored and performance of the company is measured against two KPIs:

1) Revenue and;
2) Earnings before interest and tax, depreciation and amortisation ("EBITDA").

Revenue for the 15 month period ending 31st March was £967,163 (prorated to £773,730 over a 12 month period) and Earnings before Interest ,Tax, Depreciation and Amortization (EBITDA) was (£483,747) (prorated to (£386,998) over a 12 month period) , as against revenue of £846,259 and EBITDA of (£176,539) in the year ending 31 December 2015. Revenue declined marginally during the period due to completion of projects. Loss before interest, tax, depreciation and amortisation increased during the period as the company increased capacity to grow the business, which led to higher administrative expenses compared to previous year.

The operations of the company are managed as part of the wider Zensar group and therefore the directors believe analysis using additional KPI's is not necessary for the understanding of the development, performance or position of the company. KPI disclosures for the group, including Knit Limited, is included within the directors' report of Zensar Technologies Limited's annual report which does not form part of this report but is publicly available as set out in Note 18.

This report was approved by the board on 18 December 2017 and signed on its behalf.

C Rajebahadur
Director

Directors' report
For the period ended 31 March 2017

The directors present their report and the audited financial statements for the 15 month period ended 31 March 2017.

Principal activity

The principle activities of the company during the period were that of a creative technology agency, with a team of innovators who design and create compelling digital experiences.

Results and dividends

The loss for the period, after taxation, amounted to £491,205 (year ended 31 December 2015 - loss £137,778).

The statement of total comprehensive income for the period is set out on page 9.

The company has shown revenue of £967,163 during the period as compared to £846,259 during the previous year. The gross profit was £566,386 for the period as compared to £508,609 for the previous year.

The directors are unable to recommend the payment of a dividend (2015 - £nil)

Directors

The directors who served during the period were:

N Thompson (resigned 2 November 2016)
M Oldman (resigned 2 November 2016)
P Ballard (resigned 2 November 2016)
C Rajebahadur (appointed 2 November 2016)
S Kishore (appointed 2 November 2016)
S Jambhale (appointed 2 November 2016)

Financial risk management objectives

The company's operations expose it to a variety of financial risks that include the effects of changes in credit risk and interest rate cash-flow risk. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The company does not use derivative financial instruments and as such no hedge accounting is applied.

Credit risk
The current economic climate is increasing the credit risk of the company. The company adopts policies that require appropriate credit checks on potential customers before sales are agreed.

Interest rate cash-flow risk
The company has interest bearing assets which attract interest variable rates on funds held in banks as short term deposits. The situation is reviewed by the finance department on a yearly basis to ascertain the cash flow impact of existing interest rates on the deposit balances.

Liquidity risk
The company currently has no requirements for debt finance but maintains sufficient funds for operations.

Interest rate risk
The company has interest bearing assets in the form of cash balances. Amounts payable to group undertakings are unsecured, interest free and have no date of repayment. Amounts receivable from group undertakings are unsecured, interest free and have no date of repayment. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Price risk
The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Foreign exchange risk
Most of the company's revenue and expenses are generated in GBP and therefore there is no major foreign currency risk. Transactions in foreign exchange are recorded on the daily exchange rate. The directors will revisit the appropriateness of this policy should the company's operations change size or nature.

Future developments

The directors anticipate the business environment will remain competitive. Following the parent of Knit Limited having been acquired by Zensar Technologies (UK) Limited in the period, the company are confident in continued growth, through strengthening customer relationships and developing new links throughout the world.

Research and development activities

The company carries out research and development activities in order to create innovative and customised solutions to advance technology.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial 15 month period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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 period ended 31 March 2017

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Post balance sheet events

There have been no significant post balance sheet events that are considered to impact the reported results to 31 March 2017.

Independent auditors

PricewaterhouseCoopers LLP was appointed as independent auditor during the period and have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the board on 18 December 2017 and signed on its behalf.

C Rajebahadur
Director

Independent auditors' report to the members of Knit Limited

Report on the financial statements

Our opinion

In our opinion, Knit Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the 15 month period (the "period") 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 March 2017;
- the Statement of Comprehensive Income for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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 period 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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Bree Sherwood

Bree Sherwood (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Norwich
18 December 2017

Knit Limited

Statement of comprehensive income
For the period ended 31 March 2017

	Note	15 months ended 31 March 2017 £	Year ended 31 December 2015 £
Turnover	4	**967,163**	846,259
Cost of sales		**(400,777)**	(337,650)
Gross profit		**566,386**	508,609
Administrative expenses		**(1,058,122)**	(695,032)
Operating loss	5	**(491,736)**	(186,423)
Interest payable and similar expenses	8	**-**	(135)
Loss before taxation		**(491,736)**	(186,558)
Tax on loss	9	**531**	48,780
Loss for the period and total comprehensive expense for the financial period/year		**(491,205)**	(137,778)

There were no recognised gains and losses for the period ended 31 March 2017 or the year ended 31 December 2015 other than those included in the statement of comprehensive income.

The notes on pages 12 to 26 form part of these financial statements.

Knit Limited
Registered number: 07420922

Balance sheet
As at 31 March 2017

	Note		31 March 2017 £		31 December 2015 £
Fixed assets					
Tangible assets	10		**5,666**		8,039
			5,666		8,039
Current assets					
Debtors: amounts falling due within one year	11	**272,362**		325,176	
Cash at bank and in hand		**6,133**		63,110	
		278,495		388,286	
Creditors: amounts falling due within one year	12	**(911,228)**		(531,656)	
Net current liabilities			**(632,733)**		(143,370)
Total assets less current liabilities			**(627,067)**		(135,331)
Provision for other liabilities	13	**(1,076)**		(1,607)	
			(1,076)		(1,607)
Net liabilities			**(628,143)**		(136,938)
Capital and reserves					
Called up share capital	14		**1,000**		1,000
Profit and loss account			**(629,143)**		(137,938)
Total equity			**(628,143)**		(136,938)

The financial statements were approved and authorised for issue by the board of directors, and were signed on its behalf on 18 December 2017

C Rajebahadur
Director

The notes on pages 12 to 26 form part of these financial statements.

Knit Limited

Statement of changes in equity
For the period ended 31 March 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2016	1,000	(137,938)	(136,938)
Loss for the period	-	(491,205)	(491,205)
Total comprehensive income for the period	-	(491,205)	(491,205)
Total transactions with owners	-	-	-
At 31 March 2017	1,000	(629,143)	(628,143)

Statement of changes in equity
For the year ended 31 December 2015

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2015	1,000	(160)	840
Loss for the year	-	(137,778)	(137,778)
Total comprehensive income for the year	-	(137,778)	(137,778)
Total transactions with owners	-	-	-
At 31 December 2015	1,000	(137,938)	(136,938)

The notes on pages 12 to 26 form part of these financial statements.

1. General information

Knit Limited is a creative technology agency, with a team of innovators who design and create digital experiences.

Knit Limited is a private company limited by shares incorporated in England. The registered office is Seebohm House, 2nd Floor, 2-4 Queen Street, Norwich, Norfolk, NR2 4SQ .

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The period of the financial statements has been extended to cover the period from 1 January 2016 to the 31 March 2017. This is to align the year end with the companys ultimate controlling party.

2. Accounting policies

2.1 Statement of compliance

The financial statements of UK GAAP Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

2.3 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 judgment in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2. Accounting policies (continued)

2.4 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 company has taken advantage of the exemption, under FRS 102 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Zensar Technologies Limited, includes the Company's cash flows in its consolidated financial statements;

- certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated [FRS 102 paras 11.39 - 11.48A, 12.26 - 12.29];

- key management personnel compensation in total [FRS 102 para 33.7].

This information is included in the consolidated financial statements of Zensar Technologies Limited as at 31 March 2017, and these financial statements may be obtained from the company at Zensar Knowledge Park, Kharadi, Plot No. 4, MIDC, Off Nagar Road, Pune 411014, India.

2.5 Going concern

The company is able meets its day to day working capital requirements. The directors anticipate the business environment will remain competitive however continued future growth and customer contract wins will service the ongoing cash flow requirements enabling the Company to settle its debts as they fall due.

At the balance sheet date the company had net current liabilities of £632,733 (2015: liabilities £143,370). The intermediate parent company, Zensar Technologies (UK) Limited has confirmed that it will continue to provide financial support as necessary to enable the company to meet its financial obligations as they fall due for a period of at least 12 months from the date of signing of the financial statements. For this reason the directors consider it appropriate that the financial statements are prepared on the going concern basis.

2. Accounting policies (continued)

2.6 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.

Rendering of services

Revenue from professional services consist of revenues earned from services performed on a "time and material" basis and related revenue is recognised as the services are performed.The company performs time bound fixed-price engagements, under which revenue is recognised using the proportionate completion method of accounting. The cumulative impact of any revision in estimates of the stage of completion is reflected in the year in which the change becomes known. The company recognises revenue when 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 using accurate time records; and

- the costs incurred and the costs to complete the contract can be measured reliably.

2.7 Tangible 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, either by straight line method or by reducing balance..

Depreciation is provided on the following basis:

Office equipment	- 4 years
Computer equipment	- 3 years

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.

2.8 Debtors

Debtors are amounts due from customers for services performed in the ordinary course of business. These are recognised at carrying value less provision for impairment.

2. Accounting policies (continued)

2.9 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

2. Accounting policies (continued)

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. *Financial assets*

Basic financial assets, including trade and other debtors and cash at bank, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an even occurring aft the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.11 Creditors

Creditors due within one year 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.

2.12 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is pound sterling.

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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.13 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Operating leases: the company as lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

2.15 Employee benefits

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. Accounting policies (continued)

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events, and a reliable estimate of the obligation can be made.

2.16 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.

2.17 Current and deferred taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2. Accounting policies (continued)

2.18 Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group that are wholly owned.

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

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

i. Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of the property plant and equipment, and note 2.7 for the useful economic lives for each class of assets.

ii. Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 11 for the net carrying amount of the debtors and associated impairment provision.

4. Turnover

Analysis of turnover by country of destination:

	15 months ended 31 March 2017 £	Year ended 31 December 2015 £
United Kingdom	**823,063**	846,259
Rest of Europe	**116,400**	-
Rest of the world	**27,700**	-
	967,163	846,259

The directors consider that all turnover arises from the entity's principal activity.

Notes to the financial statements
For the period ended 31 March 2017

5. Operating loss

The operating loss is stated after charging:

	15 months ended 31 March 2017 £	Year ended 31 December 2015 £
Depreciation of tangible fixed assets	**7,988**	9,884
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	**12,000**	2,400
Operating lease charges	**45,000**	31,000

6. Employees and Directors

Staff costs, including directors' remuneration, were as follows:

	15 months ended 31 March 2017 £	Year ended 31 December 2015 £
Wages and salaries	**721,286**	469,589
Social security costs	**85,646**	53,746
Other pension costs	**24,483**	600
	831,415	523,935

The average monthly number of employees, including the directors, during the period was as follows:

	15 months ended 31 March 2017 No.	Year ended 31 December 2015 No.
Production	**12**	12

7. Directors

	15 months ended 31 March 2017 £	Year ended 31 December 2015 £
The directors' emoluments were as follows:		
Aggregate remuneration	**93,877**	100,317
	93,877	100,317

During the period no retirement benefits were accuing to any directors (2015 - Nil) in respect of defined contribution pension schemes.

8. Interest payable and similar charges

	15 months ended 31 March 2017 £	Year ended 31 December 2015 £
Other interest payable	-	135
	-	135

9. Income tax

(a) Tax expense included in profit or loss

	15 months ended 31 March 2017 £	Year ended 31 December 2015 £
Corporation tax		
Adjustments in respect of previous periods	-	(14,404)
Research and development tax credits	-	(32,399)
Total current tax	-	(46,803)
Deferred tax		
Origination and reversal of timing differences	**(531)**	(1,977)
Taxation on loss on ordinary activities	**(531)**	(48,780)

9. Income tax (continued)

(b) Reconciliation of tax charge

The tax assessed for the period/year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	15 months ended 31 March 2017 £	Year ended 31 December 2015 £
Loss on ordinary activities before tax	**(491,736)**	(186,558)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	**(98,347)**	(37,778)
Effects of:		
Expenses not deductible for tax purposes	**7**	3,402
Adjustment in research and development tax credit leading to a decrease in the tax charge	**-**	(14,404)
Unrelieved tax losses arising in the period	**97,866**	-
Changes in tax rates on asset timing differences	**(57)**	-
Total tax charge for the period/year	**(531)**	(48,780)

9. Income tax (continued)

(c) Tax rate changes

At 31 March 2017, the company had tax losses of £566,209 (2015: £76,881) available for future offset against future taxable profits. A deferred tax asset in respect of these losses amounting to £107,580 (2015: 15,376) has not been recognised in the financial statements due to uncertainty over their future recoverability.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10. Tangible assets

	Office equipment £	Computer equipment £	Total £
Cost			
At 1 January 2016	3,683	28,174	31,857
Additions	-	5,615	5,615
At 31 March 2017	3,683	33,789	37,472
Accumulated amortisation			
At 1 January 2016	2,169	21,649	23,818
Charge for the period	473	7,515	7,988
At 31 March 2017	2,642	29,164	31,806
Net book amount			
At 31 March 2017	1,041	4,625	5,666
At 31 December 2015	1,514	6,525	8,039

11. Debtors: Amounts falling due within one year

	31 March 2017 £	31 December 2015 £
Trade debtors	**164,695**	212,014
Other debtors	**107,667**	66,981
Corporation tax	**-**	46,181
	272,362	325,176

Trade debtors are stated after provisions for impairment of £Nil (2015: £Nil).

12. Creditors: Amounts falling due within one year

	31 March 2017 £	31 December 2015 £
Trade creditors	**76,045**	52,142
Amounts owed to group undertakings	**695,752**	342,867
Other taxation and social security	**28,595**	45,710
Accruals and deferred income	**110,836**	90,937
	911,228	531,656

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

13. Provision for other liabilities

The company had the following provisions during the period:

Deferred tax

	2017 £	2015 £
Opening deferred tax	**(1,607)**	(3,584)
Charged to profit or loss	**531**	1,977
At end of year	**(1,076)**	(1,607)

13. Provision for other liabilities (continued)

The provision for deferred taxation is made up as follows:

	31 March 2017 £	31 December 2015 £
Accelerated capital allowances	**(1,076)**	(1,607)
	(1,076)	(1,607)

14. Share capital

	31 March 2017 £	31 December 2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	**1,000**	1,000

15. Pension commitments

The company operates a defined contributions pension scheme. 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 £24,483 (2015 - £600). There were £Nil (2015 - Nil) contributions payable to the fund at the balance sheet date.

16. Transactions with directors

At 1 January 2016 N Thompson, a director, had a current account with a debit balance of £4,849, during the period expenses were paid on behalf of the director totaling £486, leaving a balance of £5,335 at 31 March 2017.

17. Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group. The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group that are wholly owned

18. Ultimate parent undertaking and controlling party

The company's immediate parent is Foolproof Limited and the ultimate parent undertaking and controlling party is Zensar Technologies Limited which is incorporated in India.

Zensar Technologies Limited is the parent of the largest and smallest group to consolidate the financial statements of Knit Limited.

Copies of the group financial statements of Zensar Technologies Limited can be obtained from the company at Zensar Knowledge Park, Kharadi, Plot 4, MIDC, Off Nagar road, Pune 411014, India.

19. Transition to FRS 102

This is the first period the company has presented its results under FRS 102. the last financial statements under UK GAAP were for the year ended 31 December 2015. The date of transition to FRS 102 was 1 January 2015. There are no changes to the underlying financial statements as a consequence of the adoption of FRS 102.