

Registered Number. 04577853

Zensar Technologies (UK) Limited
Annual report for the year ended 31 March 2012

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Zensar Technologies (UK) Limited

Annual report for the year ended 31 March 2012

Contents	Page (s)
Directors' report	1 – 4
Independent auditors' report	5 – 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 – 16

Zensar Technologies (UK) Limited

Directors' report for the year ended 31 March 2012

The directors present their report and the audited financial statements of the company for the year ended 31 March 2012

Principal activities

The company's principal activities include the business of developing, designing, supplying, installing and programming computer software and systems of all kinds

Results and dividends

The profit and loss account for the year is set out on page 7 The company made a profit for the financial year of £1,000,481 (2011 profit of £1,305,752)

The directors do not recommend the payment of a dividend (2011 £nil)

Review of business and future development

The company is a wholly owned subsidiary of Zensar Technologies Limited, India, which has operations throughout the world This subsidiary caters to the Information Technology markets in the European region and the USA

There has been a growth in revenue from the UK This was on account of new projects with existing customers and from new customers

During the financial year, the company has managed to secure ten new orders from Europe The detailed analysis of revenues by geographical segment is given in Note 2 to the financial statements

Both the level of business and the year-end financial position were satisfactory, and the directors expect that the company will be in a strong position to take advantage of the suitable expansion opportunities that may arise

Principal risks and uncertainties

The company ensures continuous risk identification and management process by identifying risks which may affect the company's business The company also periodically evaluates its appetite for risk and selects appropriate risk management strategies The company obtains appropriate insurance policies to mitigate risks and also sets up processes and internal control measures to mitigate risks

Risks are periodically evaluated to ascertain applicability to changing business scenarios Specified persons are assigned the responsibility of monitoring identified risks on a continuous basis and report to management any significant variations in the existing identified risks and also draw attention to any new risks in their area of operations

Zensar Technologies (UK) Limited

Directors' report for the year ended 31 March 2012 (continued)

Principal risks and uncertainties (continued)

Certain risks to which the company is exposed are listed below

Client Risk

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, updates its clients' credit risk assessment

Vertical Risk

The company may be excessively dependent on selected verticals (industry segments). A downturn in the fortunes of clients in this group or a reduction in their IT spending / budgets, would adversely affect the company's own profitability

Risk Mitigation

The company has prudently selected the verticals on the basis of their rapid growth and the critical dependence of these verticals on IT solutions to increase their respective business efficiency. The company has adequately distributed its business across verticals to mitigate any risk through such exposure

New Customer Segments

The company's capability to execute projects in new customer segments could adversely affect its delivery capabilities due to lack of expertise or domain knowledge

Risk Mitigation

The company's ability to execute new projects stems from its strong research and thorough analysis of the project requirements. The company has a policy of performing meticulous due diligence, advanced studies and thorough research for every project that it undertakes, especially in new customer segments. Risks and potential problem areas peculiar to that segment are first identified, analysed and alternate solutions to these issues are found before venturing into a new segment

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 company has implemented policies that require appropriate credit checks on potential new customers before sales are made

Interest rate cash-flow risk

The company has interest bearing assets which attract interest at 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 the existing interest rates on the deposit balances

Zensar Technologies (UK) Limited

Directors' report for the year ended 31 March 2012 (continued)

Financial risk management objectives (continued)

Liquidity risk

The company currently has no requirements for debt finance but maintains sufficient funds for operations. This is expected to be the case for the foreseeable future.

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 exchange risk. Transactions in foreign exchange are handled based on the daily exchange rates obtained by the company's bank connections. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Key performance indicators

The company has shown turnover of £22,805,982 during the year as compared to £21,637,876 during the previous year. This increase was largely driven by the ten new orders from Europe secured in the year, and also additional orders from UK customers.

The gross profit for the year has remained stable at £3,400,344 as compared to £3,493,058 for the previous year.

The directors are satisfied with both the turnover and gross profit for the year.

Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

G Natarajan
P Mohapatra

Zensar Technologies (UK) Limited

Directors' report for the year ended 31 March 2012 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 these financial statements, the directors are required to

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

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

Statement of disclosure of information to auditors

The directors who were in office on the date of approval of these financial statements have each confirmed,

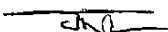
- as far as they are aware, that there is no relevant audit information of which the auditors are unaware, and
- each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors

This statement is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the annual general meeting

On behalf of the board



G Natarajan

Director

Date April 25, 2012

Zensar Technologies (UK) Limited

Independent auditors' report to the members of Zensar Technologies (UK) Limited

We have audited the financial statements of Zensar Technologies (UK) Limited for the year ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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). 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.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Zensar Technologies (UK) Limited

Independent auditors' report to the members of Zensar Technologies (UK) Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

Steven Formoy

Steven Formoy (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
Date

21 May 2012

Zensar Technologies (UK) Limited

Profit and loss account for the year ended 31 March 2012

	Note	2012 £	2011 £
Turnover	2	22,805,982	21,637,876
Cost of sales		(19,405,638)	(18,144,818)
Gross profit		3,400,344	3,493,058
Administrative expenses		(2,035,861)	(1,645,937)
Operating profit	3	1,364,483	1,847,121
Interest receivable and similar income	5	4,988	9,107
Profit on ordinary activities before taxation		1,369,471	1,856,228
Tax on profit on ordinary activities	7	(368,990)	(550,476)
Profit for the financial year	13	1,000,481	1,305,752

The results above are derived entirely from continuing operations

The company has not recognised gains or losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented

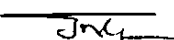
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial years stated above and their historical cost equivalents

Zensar Technologies (UK) Limited

Balance sheet as at 31 March 2012

	Note	2012 £	2011 £
Fixed assets			
Tangible assets	8	57,870	69,469
Current assets			
Debtors	9	5,504,582	6,366,918
Cash at bank and in hand		2,942,024	1,303,761
		8,446,606	7,670,679
Creditors – amounts falling due within one year	10	(5,486,501)	(5,720,755)
Net current assets		2,960,105	1,949,924
Total assets less current liabilities		3,017,975	2,019,393
Provision for liabilities and charges	11	(5,895)	(7,794)
Net assets		3,012,080	2,011,599
Capital and reserves			
Called up share capital	12	50,000	50,000
Profit and loss account	13	2,962,080	1,961,599
Total shareholders' funds	14	3,012,080	2,011,599

The financial statements on pages 7 to 16 were approved by the board of directors on 4 May 2012 and were signed on its behalf by



G Natarajan
Director

Registered Number 04577853

Zensar Technologies (UK) Limited

Notes to the financial statements for the year ended 31 March 2012

1 Principal accounting policies

Basis of accounting

The financial statements are prepared on a going concern basis, and in accordance with the historical cost convention

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently throughout the year, is set out below

Tangible fixed assets

Tangible fixed assets are stated at historic purchase less accumulated depreciation. Cost includes the original purchase price of the asset and the cost attributable to bringing the assets to its working condition for its intended use. Depreciation is calculated using the straight-line method over the estimated useful economic lives of the assets concerned. Depreciation is provided to write off the cost of tangible fixed assets over their expected useful economic lives. The principal expected useful economic lives used for this purpose are

Computers and equipment	Four years
Furniture	Ten years

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis

Translation of foreign currency transactions

Trading transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling when the transaction was entered into. Monetary assets and liabilities are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in the profit and loss account in the year in which they arise

Leases

Rentals paid under operating leases are charged to profit and loss account on a straight line basis over the lease term

Zensar Technologies (UK) Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

1 Principal accounting policies (continued)

Turnover

Turnover excludes value added tax and trade discounts

Turnover 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 also performs time bound fixed-price engagements, under which revenue is recognised using the percentage-of-completion method of accounting. The cumulative impact of any revision in estimates of the percent complete is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be readily estimated. Amounts included in the financial statements, which relate to recoverable costs and accrued profits not yet billed on contracts, are classified in "Debtors" as "Prepayments and accrued income" (Unbilled Services). Billings on uncompleted contracts in excess of accrued costs and accrued profits are classified in "Creditors amounts falling due within one year" as accruals and deferred income.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Zensar Technologies Limited and is included in the consolidated financial statements of Zensar Technologies Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996) 'Cash Flow Statements'. The company is also exempt under the terms of paragraph 3(c) of Financial Reporting Standard 8 'Related Party disclosures' from disclosing related party transactions with entities that are part of the group (Zensar Technologies Limited and its subsidiaries) or investees of the group.

2 Turnover

The turnover of the company is wholly attributable to its principal activity. The analysis by geographical area (by destination) of the company's turnover is set out below.

	2012 £	2011 £
Geographical analysis		
United Kingdom	21,707,192	21,343,294
United States of America	88,599	118,950
Continental Europe	1,010,191	175,632
	22,805,982	21,637,876

Zensar Technologies (UK) Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

3 Operating profit

	2012 £	2011 £
Operating profit is stated after charging:		
Services provided by company's auditor		
- fees payable for audit	19,254	18,945
Operating lease rentals – other than plant and machinery	60,552	75,690
Depreciation of tangible fixed assets		
- owned assets	15,278	16,646
Foreign exchange loss	29,162	8,816

4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was

By activity	2012 Number	2011 Number
Sales and support	8	8
Billable	37	28
Administration	2	3
	47	39

	2012 £	2011 £
The aggregate staff costs for these persons was		
Wages and salaries	2,425,346	2,304,921
Social security costs	259,328	244,671
	2,684,674	2,549,592

Zensar Technologies (UK) Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

5 Interest receivable and similar income

	2012 £	2011 £
Interest received on bank deposits	1,863	4,306
Other income	3,125	4,801
	4,988	9,107

6 Directors' emoluments

During the current year, no director was remunerated by Zensar Technologies (UK) Limited

One director of the company was remunerated by the company's ultimate parent undertaking, Zensar Technologies Limited, for his services to the group as a whole, receiving no separate remuneration for his services as director of Zensar Technologies (UK) Limited

The company's ultimate parent undertaking appropriates corporate overhead expenditure to all its subsidiaries based on the contribution to consolidated revenues. The remuneration of the directors is included therein. The said expenditure for the year was £26,188 (2011: £14,284)

7 Tax on profit on ordinary activities

	2012 £	2011 £
Current tax		
UK corporation tax on profits for the year	370,889	551,935
Deferred tax		
Origination and reversal of timing differences (note 11)	(1,899)	(1,459)
Total tax on profit on ordinary activities	368,990	550,476

Zensar Technologies (UK) Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

7 Tax on Profit on ordinary activities (continued)

The tax assessed for the year is higher (2011 higher) than the standard rate of corporation tax in the UK applicable to the company of 26% (2011 28%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before taxation	1,369,471	1,856,228
Profit on ordinary activities multiplied by standard rate in the UK of 26% (2011 28%)	356,063	519,744
Effects of		
Expenses not deductible for tax purposes	13,975	30,732
Accelerated capital allowances and other timing differences	851	1,459
Total current tax charge for the year	370,889	551,935

Factors affecting future tax charge

Changes to the UK Corporation Tax system were announced in the March 2012 UK Budget Statement. A resolution passed by parliament on 26 March 2012 reduced the main rate of corporation tax from 26% to 24% with effect from 1 April 2012. This reduction is in addition to the decrease to 25% enacted in the Finance Act 2011. The relevant deferred tax balances have been re-measured accordingly.

In addition to the changes above, further changes, which are expected to be enacted separately each year, are proposed to reduce the main rate by 1% per annum to 22% by 1 April 2014. These expected rate reductions had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements. The proposed changes, if enacted, would have an immaterial impact on these financial statements.

Zensar Technologies (UK) Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

8 Tangible fixed assets

	Computers and Equipment £	Furniture £	Total £
Cost			
At 1 April 2011	51,063	112,256	163,319
Additions	3,679	-	3,679
At 31 March 2012	54,742	112,256	166,998
Accumulated depreciation			
At 1 April 2011	43,679	50,171	93,850
Charge for year	4,052	11,226	15,278
At 31 March 2012	47,731	61,397	109,128
Net book amount			
At 31 March 2012	7,011	50,859	57,870
At 31 March 2011	7,384	62,085	69,469

9 Debtors

	2012 £	2011 £
Amounts falling due within one year		
Trade debtors	3,543,440	4,835,036
Amounts due from group undertakings	6,648	14,507
Other debtors	192,050	280,751
Prepayments and accrued income	1,762,444	1,236,624
	5,504,582	6,366,918

Amounts due from group undertakings are unsecured, interest free and have no fixed date of repayment. This balance is receivable on demand

Zensar Technologies (UK) Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

10 Creditors – amounts falling due within one year

	2012 £	2011 £
Trade creditors	165,347	189,555
Amounts owed to group undertakings	2,678,141	2,706,414
Corporation tax	220,675	341,999
Other taxation and social security	551,571	791,063
Accruals and deferred income	1,870,767	1,691,724
	5,486,501	5,720,755

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

11 Provisions for liabilities

Movements on the provision for deferred taxation are as follows

	Deferred taxation £
At 1 April 2011	(7,794)
Credited to profit and loss account (note 7)	1,899
At 31 March 2012	(5,895)

The recognised deferred tax liability as at the year end is as follows

	2012 Provided £	2012 Unprovided £	2011 Provided £	2011 Unprovided £
Accelerated capital allowances	(5,895)	-	(7,794)	-
Deferred tax liability	(5,895)	-	(7,794)	-

12 Called up share capital

	2012 £	2011 £
Allotted and fully paid		
50,000 (2011 50,000) ordinary shares of £1 each	50,000	50,000

Zensar Technologies (UK) Limited

Notes to the financial statements for the year ended 31 March 2012 (continued)

13 Profit and loss account

	£
At 1 April 2011	1,961,599
Profit for the financial year	1,000,481
At 31 March 2012	2,962,080

14 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	2,011,599	705,847
Profit for the financial year	1,000,481	1,305,752
Closing shareholders' funds	3,012,080	2,011,599

15 Operating lease commitments

At 31 March 2012, the company had annual commitments under non-cancellable operating leases expiring as follows

	2012 Land & Buildings £	2011 Land & Buildings £
Within one year	-	18,923
Within two to five years	75,690	-

16 Ultimate parent undertaking and controlling party

The company's immediate and 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 Zensar Technologies (UK) Limited

Copies of the group financial statements of Zensar Technologies Limited can be obtained from the company at Zensar Knowledge Park, Kharadi, Plot No 4, MIDC, Off Nagar road, Pune 411014, India