

Xchanging Solutions (Europe) Ltd

Balance Sheet as at March 31, 2017

	Notes	As At Mar 31, 2017 GBP	As At Mar 31, 2017 INR	As At Dec 31, 2015 GBP	As At Dec 31, 2015 INR
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share capital	5	2,664,278	217,254,713	2,664,278	261,461,319
Reserves and surplus	6	(2,227,970)	(181,676,633)	(2,247,075)	(220,518,765)
		<u>436,308</u>	<u>35,578,080</u>	<u>417,203</u>	<u>40,942,554</u>
Current liabilities					
Trade payables	7	38,882	3,170,611	25,814	2,533,328
Other current liabilities	8	836	68,203	33,598	3,297,160
Short-term provisions	9	1,547	126,123	10,273	1,008,153
		<u>41,265</u>	<u>3,364,937</u>	<u>69,685</u>	<u>6,838,641</u>
TOTAL		<u>477,573</u>	<u>38,943,017</u>	<u>486,888</u>	<u>47,781,195</u>
ASSETS					
Current assets					
Trade receivables	12	21,260	1,733,585	236,577	23,216,659
Cash and cash equivalents	13	325,430	26,536,740	172,887	16,966,469
Short-term loans and advances	14	130,883	10,672,692	77,424	7,598,067
		<u>477,573</u>	<u>38,943,017</u>	<u>486,888</u>	<u>47,781,195</u>
TOTAL		<u>477,573</u>	<u>38,943,017</u>	<u>486,888</u>	<u>47,781,195</u>

See accompanying notes forming part of the financial statements

As per our report of even date

Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N

For and on behalf of the Board of Directors of
Xchanging Solutions Europe Ltd

CA. Ankur Agarwal
Partner
Membership No. 507073

Director

Place: New Delhi
Date:

Xchanging Solutions (Europe) Ltd

Statement of Profit and Loss for the 15 months period ended March 31, 2017

	Notes	For the 15 months period ended		For the year ended	
		Mar 31, 2017 GBP	Mar 31, 2017 INR	Dec 31, 2015 GBP	Dec 31, 2015 INR
Revenue					
Other income	15	29,149	2,376,945	21,017	2,062,531
		<u>29,149</u>	<u>2,376,945</u>	<u>21,017</u>	<u>2,062,531</u>
Expenses					
Employee benefits expense	16	-	-	27,955	2,743,341
Other operating costs	17	10,044	819,052	6,919	679,010
		<u>10,044</u>	<u>819,052</u>	<u>34,874</u>	<u>3,422,351</u>
Profit (Loss) before prior period, exceptional items and taxation		19,105	1,557,893	(13,857)	(1,359,820)
Exceptional items		-	-	-	-
Profit/ (loss) before taxation		<u>19,105</u>	<u>1,557,893</u>	<u>(13,857)</u>	<u>(1,359,820)</u>
Tax expense		-	-	(52,906)	(5,191,978)
Profit/ (loss) for the period		<u>19,105</u>	<u>1,557,893</u>	<u>39,050</u>	<u>3,832,158</u>
Earnings/(Loss) per share {Equity shares, par value of GBP1 (2015 : GBP 1)}					
Basic and diluted		0.01	0.58	0.01	1.44
Weighted average number of equity shares used in computing earning/(loss) per share					
Basic and diluted		2,664,278	2,664,278	2,664,278	2,664,278

See accompanying notes forming part of the financial statements

As per our report of even date

Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N

For and on behalf of the Board of Directors of
Xchanging Solutions Europe Ltd

CA. Ankur Agarwal
Partner
Membership No. 507073

Director

Place: New Delhi
Date:

Xchanging Solutions (Europe) Ltd

Cash Flow Statement for the 15 months period ended March 31, 2017

	For the 15 months period ended		For the year ended	
	Mar 31, 2017	Mar 31, 2017	Dec 31, 2015	Dec 31, 2015
	GBP	INR	GBP	INR
A. Cash flow from operating activities				
Profit/ (loss) for the period	19,105	1,557,893	39,050	3,832,158
Adjustments for:				
Tax expense	-	-	(52,906)	(5,191,978)
Write back of Liabilities	29,149	2,376,945	-	-
Operating profit before working capital changes	48,254	3,934,838	(13,857)	(1,359,820)
Movements in working capital :				
Decrease / (Increase) in sundry debtors	215,317	17,557,734	847,467	83,166,909
Decrease / (Increase) in loans and advances and other current assets	(53,459)	(4,359,269)	267,603	26,261,416
Increase / (Decrease) in current liabilities and provisions	(57,569)	(4,694,428)	(1,341,667)	(131,665,651)
Net Cash from/ (used in) operations	152,543	12,438,875	(240,454)	(23,597,146)
Income Tax (Paid)/Refund , net	-	-	52,906	5,191,978
Net cash from/ (used in) Operating activities	152,543	12,438,875	(187,548)	(18,405,168)
Net increase/ (decrease) in cash and cash equivalents	152,543	12,438,875	(187,548)	(18,405,168)
Cash and cash equivalents at the beginning of the year	172,887	14,097,861	360,435	35,371,638
Cash and cash equivalents at the end of the period	325,430	26,536,736	172,887	16,966,469

Components of cash and cash equivalents:

Balances with banks				
in current account	325,430	26,536,736	172,887	16,966,469
	325,430	26,536,736	172,887	16,966,469

See accompanying notes forming part of the financial statements

As per our report of even date

Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N

For and on behalf of the Board of Directors of
Xchanging Solutions Europe Ltd

CA. Ankur Agarwal
Partner
Membership No. 507073

Director

Place: New Delhi
Date:

Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

1. Background

Xchanging Solutions Europe Limited ('XSEL' or 'the Company') was incorporated on March 5, 2002, incorporated and domiciled in The United Kingdom. The Company is engaged in the business of rendering software development and related services. The Company is a 100% Subsidiary of Xchanging Solutions Limited.

2. Funding of Future Operations

The Company during the 15 months period ended March 31, 2017 incurred a Profit of GBP 19,105 – (INR 1,557,893) and has a positive net worth of GBP 436,308– (INR 35,578,080) as on that date.

3. Basis of preparation

- a) The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.
- b) The Financial statements are presented pursuant to requirements of section 129 of the Companies Act 2013, ('the Act')
- c) For the convenience of the readers the balance sheet, as at March 31, 2017 and as at December 31, 2015, and the Profit and Loss account for both the periods/years have been translated into INR at the exchange rate of GBP 1= INR 81.54 for March 31, 2017 and at the exchange rate of GBP 1=INR 98.14 for December 31, 2015. The convenience translation should not be construed as a representation that the GBP amounts or the INR amounts referred to in these financial statements have been, could have been, or could in the future be, converted into INR or GBP as the case may be, at this or at any other rate of exchange, or at all. Wherever movement schedule is provided in the financial statement, the opening balance are converted at GBP 1= INR 81.54 for March 31, 2017 and at the exchange rate of GBP 1=INR 98.14 for December 31, 2015

4. Summary of Significant Accounting Policies

4.1 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

4.2 Property, Plant & Equipment and depreciation

i. Tangible assets are stated at cost of acquisition less accumulated depreciation and impairment losses. Cost comprises the purchase price and any other directly attributable costs of bringing the assets to their working condition for intended use.

The carrying amounts are reviewed at each balance sheet date when required to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their recoverable amount.

ii. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

iii. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes etc:

	Rate (per cent)
Computers	33.33
Office Equipment	20
Furniture and Fixtures	20

iv. Capital work-in-progress: Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

4.3 Intangible Assets and Amortisation

Intangible assets comprise of Goodwill arising on acquisition, computer software held for use in business and customer rights.

- i. Goodwill arising on acquisition is the difference between the cost of an acquired business and the aggregate of the fair value of that entity's identifiable assets and liabilities and the same is amortized on a straight line basis over its economic life.
- ii. Computer software is amortized over an estimated useful life of two years.

The carrying value of intangible assets is reviewed for impairment annually when events or changes in circumstances indicate that the carrying value may not be recoverable. If the expected future discounted cash flows are less than the carrying amount of the asset, a loss is recognized for the difference between the fair value and carrying value of the asset.

4.4 Leases

Finance lease

Assets acquired under lease where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Such lease is capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period. Lease management fees, legal charges and other initial direct costs are capitalised.

Operating lease

Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals on assets taken on operating lease are recognised as an expense in the Profit and Loss Account on a straight line basis over the lease term.

4.5 Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment properties are carried individually at cost less accumulated depreciation and impairment, if any. Investment properties are capitalised and depreciated (where applicable) in accordance with the policy stated for Fixed assets. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

4.6 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

4.7 Revenue recognition

Revenue from software development services includes revenue from time and material and fixed price contracts. Revenue from time and material contracts are recognized as related services are performed.

Revenue from software development on fixed price contracts is recognized as per proportionate-completion method.

Revenue from maintenance contracts is recognized ratably over the term of the maintenance contract on a straight-line basis.

Revenue is recognised net of value added tax.

4.8 Foreign currency transactions

(i) Initial recognition:

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Subsequent recognition:

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period other than those monetary assets which are provided for being doubtful of recovery.

Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

(iii) Forward exchange contracts not intended for trading or speculation purposes:

The premium or discount arising at the inception of forward exchange contracts entered into to hedge an existing asset/liability, is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract are recognised as income or as expense for the period.

(iv) Forward exchange contracts outstanding as at the period end on account of firm commitment / highly probable forecast transactions are marked to market and the losses, if any, are recognised in the Statement of Profit and Loss and gains are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on 'Accounting for Derivatives' issued in March 2008.

Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

4.9 Project work expense

Project work expenses represent amounts charged by Xchanging India for the software development and related services provided to the Company.

4.10 Employee benefits

Retirement benefits to employees comprise contribution to National Security and leave encashment

The Company contributes the employer's share of the National Security and charges all such amounts to the Profit and loss account on an accrual basis.

Liability towards leave encashment benefits is provided based on an actual valuation performed as at the balance sheet date and is unfunded as at March 31, 2017.

4.11 Taxes on income

Tax expense comprises both current and deferred taxes. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier periods are re-assessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

4.12 Earning per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

4.13 Provisions and contingent liabilities

Provisions: A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provisions for onerous contracts (i.e., contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it) are recognised when it is probable that cash outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

Contingent liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability

Xchanging Solutions (Europe) Ltd.

Notes forming part of the financial statements

4.14 Segment reporting

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of services rendered. The analysis of geographical segments is based on the geographical location of the Company's customer.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The other segment includes general corporate income and expense items which are not allocated to any business segment.

4.15 Project work expenses

Project work expenses and claims work expenses represents amounts charged by sub-contractors and cost of hardware and software incurred for execution of projects. These expenses are recognised on an accrual basis.

4.16 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4.17 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

4.18 Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive it is established.

4.19 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

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Xchanging Solutions (Europe) Ltd

Notes forming part of the financial statements

5 Share Capital	As At	As At	As At	As At
	Mar 31, 2017	Mar 31, 2017	Dec 31, 2015	Dec 31, 2015
	GBP	INR	GBP	INR
Authorised capital:				
5,000,000 (Previous Year 5,000,000) Equity Shares of GBP 1 Each	5,000,000	441,704,000	5,000,000	419,443,000
Issued, subscribed and paid up capital:				
2,664,278 (Previous Year 2,664,278) Equity Shares of GBP 1 Each fully paid up	2,664,278	217,254,713	2,664,278	261,461,319
	2,664,278	217,254,713	2,664,278	261,461,319

(i) Reconciliation of number of shares

	As at Mar 31, 2017		As at Dec 31, 2015	
	Number of Shares	Amount in GBP	Number of Shares	Amount in GBP
Equity Shares				
Shares outstanding at the beginning of the period	2,664,278	217,254,713	2,664,278	261,461,319
Add / (Less): Movement for the period				
Shares outstanding at the end of the period	2,664,278	217,254,713	2,664,278	261,461,319

(ii) Shares held by holding company and subsidiary of holding company

Name of Shareholder	As at Mar 31, 2017		As at Dec 31, 2015	
	Number of Shares	Amount	Number of Shares	Amount
Xchanging Solutions Ltd, India, Holding Company	2,664,278	2,664,278	2,664,278	2,664,278

(iii) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company:

Name of Shareholder	As at Mar 31, 2017		As at Dec 31, 2015	
	Number of Shares held	Percentage	Number of Shares held	Percentage
Xchanging Solutions Ltd, India, Holding Company	2,664,278	100.00%	2,664,278	100.00%

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Xchanging Solutions (Europe) Ltd

Notes forming part of the financial statements

	As At Mar 31, 2017 GBP	As At Mar 31, 2017 INR	As At Dec 31, 2015 GBP	As At Dec 31, 2015 INR
6 Reserves and surplus				
Surplus/(Deficit) in Statement of Profit and Loss				
Balance as at the beginning of the period	(2,247,075)	(183,234,527)	(2,286,125)	(224,350,923)
Profit/(loss) for the period	19,105	1,557,894	39,050	3,832,158
Balance as at end of the period	<u>(2,227,970)</u>	<u>(181,676,633)</u>	<u>(2,247,075)</u>	<u>(220,518,765)</u>
	<u>(2,227,970)</u>	<u>(181,676,633)</u>	<u>(2,247,075)</u>	<u>(220,518,765)</u>
7 Trade payables				
Due to related parties <i>{refer note (i) below}</i>				
Holding company	1,120	91,296	-	-
Other related parties	11,049	900,995	-	-
	<u>12,169</u>	<u>992,291</u>	<u>-</u>	<u>-</u>
Other trade payables	26,713	2,178,320	25,815	2,533,358
	<u>38,882</u>	<u>3,170,611</u>	<u>25,815</u>	<u>2,533,358</u>
	<u>38,882</u>	<u>3,170,611</u>	<u>25,815</u>	<u>2,533,358</u>
(i) Dues to related parties include the following				
Holding company				
Xchanging Solutions Limited, India	1,120	91,296	-	-
Other related parties				
Xchanging UK Ltd	4,706	383,730	-	-
Xchanging Global Insurance Solutions	6,343	517,265	-	-
	<u>12,169</u>	<u>992,291</u>	<u>-</u>	<u>-</u>
	<u>12,169</u>	<u>992,291</u>	<u>-</u>	<u>-</u>
8 Other current liabilities				
Dues with Government Authorities	-	-	33,598	3,297,160
Other short-term liabilities	836	68,203	-	-
	<u>836</u>	<u>68,203</u>	<u>33,598</u>	<u>3,297,160</u>
	<u>836</u>	<u>68,203</u>	<u>33,598</u>	<u>3,297,160</u>
9 Short-term provisions				
Provision for leave encashment <i>{refer note (i) below}</i>	1,547	126,123	10,273	1,008,153
	<u>1,547</u>	<u>126,123</u>	<u>10,273</u>	<u>1,008,153</u>
	<u>1,547</u>	<u>126,123</u>	<u>10,273</u>	<u>1,008,153</u>
(i) Movement in Provisions for the period				
Opening balance of the period	10,273	837,699	19,500	1,925,980
Add / (Less): Movement for the period	(8,726)	(711,576)	(9,227)	(905,497)
Balance at the end of the period	<u>1,547</u>	<u>126,123</u>	<u>10,273</u>	<u>1,020,483</u>
	<u>1,547</u>	<u>126,123</u>	<u>10,273</u>	<u>1,020,483</u>

Xchanging Solutions (Europe) Ltd

Notes forming part of the financial statements

10 Property, Plant and Equipment

Amounts in GBP

Particulars	Gross Block				Depreciation				Net Block	
	As at Jan 1, 2016	Additions	Deletions	As at Mar 31, 2017	As at Jan 1, 2016	For the 15 months period	Deletions	As at Mar 31, 2017	As at Mar 31, 2017	As at Dec 31, 2015
Computers	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Previous year	134,391	-	134,391	-	134,391	-	134,391	-	-	-

Amounts in INR

Particulars	Gross Block				Depreciation				Net Block	
	As at Jan 1, 2016	Additions	Deletions	As at Mar 31, 2017	As at Jan 1, 2016	For the 15 months period	Deletions	As at Mar 31, 2017	As at Mar 31, 2017	As at Dec 31, 2015
Computers	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Previous year	13,188,571	-	13,188,571	-	13,188,571	-	13,188,571	-	-	-

Xchanging Solutions (Europe) Ltd

Notes forming part of the financial statements

11 Intangible assets

Amounts in GBP

Particulars	Gross Block				Amortisation				Net Block	
	As at Jan 1, 2016	Additions	Deletions	As at Mar 31, 2017	As at Jan 1, 2016	For the 15 months period	Deletions	As at Mar 31, 2017	As at Mar 31, 2017	As at Dec 31, 2015
Goodwill	99,568	-	-	99,568	99,568	-	-	99,568	-	-
Computer Software	-	-	-	-	-	-	-	-	-	-
Total	99,568	-	-	99,568	99,568	-	-	99,568	-	-
Previous year	102,385	-	2,817	99,568	102,385	-	2,817	99,568	-	-

Amounts in INR

Particulars	Gross Block				Amortisation				Net Block	
	As at Jan 1, 2016	Additions	Deletions	As at Mar 31, 2017	As at Jan 1, 2016	For the 15 months period	Deletions	As at Mar 31, 2017	As at Mar 31, 2017	As at Dec 31, 2015
Goodwill	8,119,129	-	-	8,119,129	8,119,129	-	-	8,119,129	-	-
Computer Software	-	-	-	-	-	-	-	-	-	-
Total	8,119,129	-	-	8,119,129	8,119,129	-	-	8,119,129	-	-
Previous year	10,047,605	-	276,410	9,771,195	10,047,605	-	276,410	9,771,195	-	-

Xchanging Solutions (Europe) Ltd

Notes forming part of the financial statements

	As At Mar 31, 2017 GBP	As At Mar 31, 2017 INR	As At Dec 31, 2015 GBP	As At Dec 31, 2015 INR
12 Trade receivables				
{refer note (i) below}				
Others				
Unsecured, considered good	21,260	1,733,585	236,577	23,216,683
Unsecured, considered doubtful:				
	<u>21,260</u>	<u>1,733,585</u>	<u>236,577</u>	<u>23,216,683</u>
(Less): Provision for doubtful debts				
	<u>21,260</u>	<u>1,733,585</u>	<u>236,577</u>	<u>23,216,683</u>
(i) Trade Receivable include debts due from related parties				
Holding company				
Xchanging Solutions Limited. India	15,263	1,244,590	45,786	4,493,241
Fellow subsidiary				
Xchanging Solutions (USA) Inc	5,997	488,996	5,398	529,708
Other related parties				
Xchanging Global Insurance Solutions	-	-	68,095	6,682,531
Xchanging UK Ltd	-	-	812	79,683
Xchanging International	-	-	47,145	4,626,617
Ferguson & Snell Associates	-	-	33,155	3,253,696
Xchanging Technology Services Ltd	-	-	16,436	1,612,925
LPSO Limited	-	-	19,680	1,931,315
Spikes Cavell Analytics Ltd.,	-	-	71	6,968
	<u>21,260</u>	<u>1,733,586</u>	<u>236,577</u>	<u>23,216,683</u>
13 Cash and cash equivalents				
Balances with Banks				
- Current accounts	325,430	26,536,740	172,888	16,966,474
	<u>325,430</u>	<u>26,536,740</u>	<u>172,888</u>	<u>16,966,474</u>
14 Short-term loans and advances				
<i>(Unsecured considered good, unless otherwise stated)</i>				
Loans and advances to related parties {Refer Note (i) and (ii) below}				
Fellow subsidiary	124,972	10,190,688	75,000	7,360,193
	<u>124,972</u>	<u>10,190,688</u>	<u>75,000</u>	<u>7,360,193</u>
Security deposits	-	-	-	-
Prepaid Expenses	-	-	-	-
Other Loans and Advances:	-	-	2,424	237,875
Balances with Government. Authorities	5,911	482,004	-	-
	<u>130,883</u>	<u>10,672,692</u>	<u>77,424</u>	<u>7,598,067</u>
(i) Short term other Loan and Advances from related parties				
Holding company				
Xchanging Solutions Limited. India	-	-	-	-
Fellow subsidiary				
Xchanging Solutions (USA) Inc	-	-	-	-
Xchanging Solutions Pte Ltd, Singapore	-	-	-	-
Other related parties {refer note (ii) below}				
Xchanging Global Insurance Solutions	15,983	1,303,344	-	-
Xchanging UK Ltd	-	-	-	-
Xchanging International	47,145	3,844,371	-	-
Xchanging Technology Services Ltd	42,093	3,432,406	-	-
LPSO Limited	19,680	1,604,777	-	-
Spikes Cavell Analytics Ltd.,	71	5,790	-	-
	<u>124,972</u>	<u>10,190,688</u>	<u>-</u>	<u>-</u>
(ii) Loans & Advances to related parties includes				
Fellow subsidiary				
Xchanging Solutions (USA) Inc	-	-	75,000	7,360,193
	<u>-</u>	<u>-</u>	<u>75,000</u>	<u>7,360,193</u>
(iii) Loans and advance given to related parties are interest free and repayable on demand.				

Xchanging Solutions (Europe) Ltd

Notes forming part of the financial statements

	For the 15 months period ended		For the year ended	
	Mar 31, 2017 GBP	Mar 31, 2017 INR	Dec 31, 2015 GBP	Dec 31, 2015 INR
15 Other income				
Miscellaneous Income {refer note (i) below}	29,149	2,376,945	21,017	2,062,531
	29,149	2,376,945	21,017	2,062,531
(i) Miscellaneous Income represents liability no longer required written back.				
16 Employee benefits expense				
Salaries, allowances and bonus	-	-	(68,797)	(6,751,463)
Social security costs	-	-	90,055	8,837,600
Staff welfare	-	-	6,697	657,202
	-	-	27,954	2,743,339
17 Other operating costs				
Project work expenses	-	-	3,866	379,425
Rent	-	-	(7,487)	(734,790)
Communication	-	-	(797)	(78,196)
Travel	-	-	(10,423)	(1,022,894)
Insurance	1,149	93,694	7,432	729,318
Repairs and maintenance				
- Computer equipment	-	-	(408)	(40,007)
- Others	35	2,854	35	3,435
Legal and professional	7,500	611,577	36,589	3,590,714
Printing and stationery	-	-	642	62,978
Bank charges	1,360	110,927	2,216	217,433
Provision for bad and doubtful debts	-	-	5,299	519,986
Exchange loss/(gain), net	-	-	587	57,581
Miscellaneous expenses	-	-	(30,631)	(3,005,972)
	10,044	819,052	6,919	679,010

Xchanging Solutions (Europe) Ltd

Notes forming part of the financial statements

18 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	Current Period			Previous Year		
				Transactions (GBP) For the period of 15 months As at Mar 31, 2017	Transactions (INR) For the period of 15 months As at Mar 31, 2017	Receivable / (payable) (GBP) As at Dec 31, 2015	Transactions (INR) for the year	Receivable / (payable) (INR) As at Dec 31, 2015	Transactions (GBP) for the year
(i)	Xchanging Solutions Limited, India	Holding company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	166,398 (198,041) 14,143	13,588,721 (16,148,973) 1,153,293	613,173 611,240 45,786	60,174,302 59,984,564 4,493,241		
(ii)	Xchanging Solutions (USA) Inc	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	47,807 (122,208) 5,997	3,888,386 (9,965,305) 488,996	100,258 (256,957) 5,398	9,838,950 (25,216,659) 529,708		
(iii)	Xchanging Solutions Pte Ltd,	Fellow subsidiary company	Unsecured loan at the end of the period	-	-	-	75,000		
			Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	-	-	(5,407) (98,843)	(530,587) (9,700,009)		
(iv)	Xchanging Global Insurance Solutions	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	153,095 (211,550) 9,640	12,483,945 (17,250,547) 786,079	318,421 6,742 66,095	31,248,523 661,595 6,662,331		
(v)	Ferguson Snell & Associates	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(33,155)	(2,703,577)	20,166 16,753 33,155	1,978,576 1,644,083 3,253,696		
(vi)	LPSO Limited	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	-	-	19,680	1,931,315		
(vii)	Spikes Cavell Analytics Limited	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	-	-	1,604,777	1,831,315		
			Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	71	5,790	71	6,968		
(viii)	Xchanging Technology Services Ltd	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	292,688 (267,030) 42,093	23,866,791 (21,774,605) 3,432,406	389,476 (529,786) 16,436	38,221,592 (51,991,051) 1,612,925		

Xchanging Solutions (Europe) Ltd

Notes forming part of the financial statements

18 Related Party Disclosures

S No.	Name of the related party	Relationship	Nature of transaction	Current Period			Previous Year		
				Transactions (GBP) For the period of 15 months As at Mar 31, 2017	Receivable / (payable) (GBP) As at Mar 31, 2017	Transactions (GBP) for the year	Receivable / (payable) (INR) As at Dec 31, 2015	Transactions (INR) for the year	Receivable / (payable) (INR) As at Dec 31, 2015
(ix)	Xchanging UK Ltd.	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	(5,518)	(449,941)	(9,375) (6,409)	(920,071) (628,936)	812	79,663
(x)	Xchanging Procurement Services Fran	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	-	-	(49,364) 85,988	(4,844,420) 8,439,491	-	-
(xi)	Xchanging Deutsche Land Gmbh	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	-	-	4,109	403,240	-	-
(xii)	Xchanging International	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	-	-	-	-	47,145	4,626,617
(xiii)	Xchanging Asia Pacific Limited	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	-	-	324 (684)	31,796 (57,262)	-	-
(xiv)	Xchanging Procurement Services	Fellow subsidiary company	Expenses reimbursed / incurred to / for related party Payments made / received Trade Receivables / (Payable) at the end of the period	-	-	(2,847)	(279,393)	-	-

Xchanging Solutions (Europe) Ltd

Notes forming part of the financial statements

19 Contingent Liabilities and commitment

	As at Mar 31, 2017 GBP	As at Mar 31, 2017 INR	As at 'Dec 31, 2015 GBP	As at 'Dec 31, 2015 INR
Contingent liabilities	-	-	-	-
Capital commitment	-	-	-	-

20 Segment reporting

The Company's business activity is organised within a single business and geographical segment. The Company renders software development and related services to its customers in UK region and is managed as one entity, governed by similar set of risks and returns. Accordingly, there are no additional disclosures to be provided under Accounting Standard 17 –'Segment Reporting' other than those already provided in financial statements.

21 Lease disclosures

Operating lease

The Company has operating lease arrangement for its office and guest house premises are obtained under operating lease. The lease term for these premises is for 1 year to 3 years and the lessee is entitled to renew the lease period for a specified period of time. Rent expense for such operating leases recognized in the Profit and loss Account of the company.

Particulars	As at Mar 31, 2017 GBP	As at Mar 31, 2017 INR	As at 'Dec 31, 2015 GBP	As at 'Dec 31, 2015 INR
Rent expenses recognised in profit and loss	-	-	(7,487)	(734,790)

22 The Board of Directors of the Holding Company in their meeting held on August 11, 2016 have extended the current financial year of the Group up to a period of 15 months i.e. January 1, 2016 to March 31, 2017. Accordingly, as a part of alignment with Group policy the Company has changed the current financial year. Subsequently, each financial year of the Company shall commence on April 1 and end on March 31 every year. Previous year figures are not comparable as they are for a period of 12 months

23 Previous year comparatives

The Financial statements of the previous year have been restated and reclassified where necessary to conform to the current year's presentation.

As per our report of even date

Sethi Agarwal & Associates
Chartered Accountants
Firm Registration No. 020918N

For and on behalf of the Board of Directors of
Xchanging Solutions Europe Ltd

CA.Ankur Agarwal
Partner
Membership No. 507073

Director

Place: New Delhi

Date: