Registered number: 04304925

ALGORITHMS SOFTWARE UK LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

FILING COPY



ALGORITHMS SOFTWARE UK LIMITED

CONTENTS

	Page
Company information	1
Balance sheet	2 - 3
Notes to the financial statements	4 - 11

ALGORITHMS SOFTWARE UK LIMITED

COMPANY INFORMATION

Directors	S N Eyre J M Vakharia
Company secretary	S Vakharia
Registered number	04304925
Registered office	16 Great Queen Street Covent Garden London WC2B 5AH
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

REGISTERED NUMBER:04304925

ALGORITHMS SOFTWARE UK LIMITED

BALANCE SHEET
AS AT 31 MARCH 2019

	Note		2019 £		2018 £
Fixed assets					
Tangible assets	5		**4,414**		4,969
Current assets					
Debtors: amounts falling due within one year	6	**514,829**		485,671	
Cash at bank and in hand		**509,925**		755,969	
		1,024,754		1,241,640	
Creditors: amounts falling due within one year	7	**(449,075)**		(860,219)	
Net current assets			**575,679**		381,421
Total assets less current liabilities			**580,093**		386,390
Provisions for liabilities					
Deferred tax	8	**(750)**		(1,046)	
			(750)		(1,046)
Net assets			**579,343**		385,344
Capital and reserves					
Called up share capital	9		**108,122**		108,122
Profit and loss account			**471,221**		277,222
Total equity			**579,343**		385,344

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006 and in accordance with Section 1A of Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

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

S N Eyre
Director

Date: 02/08/2019

ALGORITHMS SOFTWARE UK LIMITED

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2019

The notes on pages 4 to 11 form part of these financial statements.

1. General information

Algorithms Software UK Limited is a private company limited by shares incorporated in England. Its registered office is 16 Great Queen Street, Covent Garden, London WC2B 5AH.

The financial statements are presented in Sterling (£).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS 102') 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 (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

- Revenue from the sale of standard software products is recognised on delivery of the software.
- Software licence revenue from customer-specific software development agreements is recognised using the percentage-of-completion method. Revenue and related costs are recognised as contract activity progresses. Losses and contingencies on long-term contracts are recognised in full when such losses can be foreseen.
- Revenue from time and material contracts are recognised as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognised as unbilled revenue. Fixed price contract with customers are based on agreed milestones. Revenue from fixed price contracts are recognised on successful achievement of milestone and acceptance by the customer;
- Revenue from maintenance services is recognised on a pro-rata basis over the period of the contract.

2. **Accounting policies (continued)**

2.4 Tangible fixed assets

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

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Plant and machinery	-	25%

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

2.5 Financial instruments

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

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

2. Accounting policies (continued)

2.5 Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other creditors 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 payments discounted at a market rate of interest for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

Impairment of financial assets

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

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between the asset's carrying amount and the best estimate of the amount the company would receive for the asset if it were to be sold at the reporting date.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If there is a decrease in the impairment loss arising from an event occurring after 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.

Derecognition of financial assets and financial liabilities

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) despite having retained some significant risks and rewards of ownership, 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.

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

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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)

2.6 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.

2.7 Share capital

Ordinary shares are classified as equity.

2.8 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is 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 profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'interest receivable and similar income' or 'interest payable and similar expenses'. All other foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

2.9 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

2. Accounting policies (continued)

2.10 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the profit and loss account 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.

2.11 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

In the application of the company's accounting policies, which are described in note 2, the key judgments made by the directors are:

Accounting for long term contracts

FRS102 accounting requires management judgment to determine the appropriateness of calculating the revenue and profit to be recognised on long term contracts. This includes estimating the total expected costs to complete each contract, the overall profitability of the contract and also the percentage of completion at the balance sheet date. These judgments directly influence revenue and profit that are recognised in relation to such contracts. Material changes in these estimates could affect the overall amounts recognised on individual contracts.

4. Employees

The average monthly number of employees, including directors, during the year was 8 (2018 - 5).

5. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 April 2018	**51,683**
Additions	**796**
At 31 March 2019	**52,479**
Depreciation	
At 1 April 2018	**46,714**
Charge for the year	**1,351**
At 31 March 2019	**48,065**
Net book value	
At 31 March 2019	**4,414**
At 31 March 2018	4,969

6. Debtors

	2019 £	2018 £
Trade debtors	**248,578**	407,704
Other debtors	**9,428**	6,400
Prepayments and accrued income	**256,823**	71,330
Tax recoverable	**-**	237
	514,829	485,671

7. Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	**28,114**	30,727
Amounts owed to group undertakings	**95,137**	411,272
Corporation tax	**45,643**	48,448
Other taxation and social security	**89,995**	207,261
Other creditors	**2,819**	3,223
Accruals and deferred income	**187,367**	159,288
	449,075	860,219

8. Deferred taxation

	2019 £
At beginning of year	**(1,046)**
Charged to profit or loss	**296**
At end of year	**(750)**

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	**(750)**	(1,046)

9. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
1,081,220 Ordinary shares of £0.10 each	**108,122**	108,122

10. Commitments under operating leases

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	**52,668**	11,701
Later than 1 year and not later than 5 years	**11,067**	-
	63,735	11,701

11. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

12. Parent undertaking

The smallest group for which consolidated financial statements are drawn up is headed by Algorithms Software Pvt Ltd., whose registered office address is Ballard House, Adi Marzban Path, Ballard Estate, Mumbai 400001, India.

13. Auditor's information

The auditor's report on the financial statements for the year ended 31 March 2019 was unqualified.

The audit report was signed on 2 August 2019 by Nils Schmidt-Soltau (senior statutory auditor) on behalf of Blick Rothenberg Audit LLP.