Report and Financial Statements

HCL Insurance BPO Services Limited

For the year ended 31 March 2023

Registered Number: 05301492

HCL Insurance BPO Services Limited

Company Information

Directors	Mr. Neeraj Prasad Mr. Sugata Gupta Mr. Vijay Mallya Mr. Shiv Kumar Walia
Registered number	05301492
Registered office	HCL House, 28-36, Eastern Road, Romford, Essex, England, RM1 3PJ, United Kingdom
Independent auditor	KNAV Limited Hygeia Building, Ground floor 66-68 College Road Harrow, Middlesex HA1 1BE, UK
Banker	Deutsche Bank London Branch, Winchester House, 1 Great Winchester Street, London, EC2N 2DB

HCL Insurance BPO Services Limited

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HCL Insurance BPO Services Limited

Strategic report

For the year ended 31 March 2023

Introduction

The directors present their Strategic Report for the year ended 31 March 2023.

Principal Activities:

The Company is a provider of outsourced insurance administrative services. The focus of its business is to provide innovative, technology-enabled, high quality, value-added services enabling its clients to focus on their core business. We consider the Company to be a leading business process outsourcing services provider to the financial services sector in the United Kingdom.

Review of Business

The results of the Company and its key performance indicators ("KPI's") are as follows:

	31 March 2023	31 March 2022
	£000	£000
Turnover	**20,808**	20,290
Gross Profit	**5,078**	7,004
Operating profit	**1,790**	2,913

The Company recorded revenue of £20,808k (March 2022- £20,290k). The profit of FY 21-22 was increased mainly on account of waiver of payment of GBP 1,275k and one time revenue of GBP 925k on account of policy administration services in 2021.

As at 31 March 2023, the company had net assets of £9,996k (31 March 2022: £9,716k).

There are no non-financial KPI's that management monitor.

Future developments

Future growth opportunities for the Company are anticipated from existing as well as new clients. The Company's ability to develop client relationships, particularly into large accounts, will be critical for its growth in the coming years.

Principal risks and uncertainties

The Company operates as a provider of outsourced insurance administration services and is therefore exposed to risks associated with that sector as a whole. Its activities are regulated by the Financial Conduct Authority (FCA) whose regulations set out the requirements for providers of these services. These regulations cover such areas as treating customers fairly, minimum capital requirements and handling of complaints from customers. Continued compliance with these regulations is an essential pre-requisite to the Company's ability to achieve its future business objectives.

The Company faces several business risks. The prominent ones are discussed below along with the Company's strategy to mitigate these risks:

Principal risks and uncertainties (continued)

1. Employee related risk

Risk

The ability to execute projects, to build and maintain client partnerships and to achieve forecasted operating and financial results are significantly influenced by the organisation's ability to hire, train, motivate and retain highly skilled professionals.

Strategy

The business strategy directs us to retain the right skilled professionals at the right place, right time and right cost. Our continued focus on diversity and local sourcing will also help mitigate exposure to some of the risks we perceive in attracting talent.

2. Technology related risk

Risk

The Company operates in an ever evolving and dynamic technology environment and it is of utmost importance that the Company continuously reviews and upgrades its technology, resource and processes to avoid obsolescence.

Strategy

The Company is not dependent on any single technology or platform. It has developed competencies in various technologies, platforms and operating environments and can avail itself of a wide range of technology options to meet the needs of its clients. Additionally, it continues with an ongoing programme of upgrading its technology to be at the forefront of its clients' needs.

3. Competition related risks

Risk

The overall market growth is slowing and more and more competitors are vying with each other for market share. The line is diminishing between the traditional IT services players and non-traditional players. Now customers have more choice of technology, vendors and service models which force every entity to perform to their best capabilities and to enhance them.

Strategy

The Company is responding to the changing competitive dynamics. Our business model is increasingly shifting from the traditional outsourcing to a non-linear model.

4. Business continuity & information security

Risk

The Company provides outsourced insurance administrative services for various customers and any catastrophe may halt business activities and cause irreparable damage to the brand reputation of the Company. Similarly, the vital need for confidentiality and security of confidential data both belonging to clients and their customers is key as is compliance with GDPR.

Principal risks and uncertainties (continued)

4. Business continuity & information security (continued)

Strategy

The Company has put in place comprehensive business continuity and GDPR programmes to ensure that it meets its business continuity, disaster recovery and regulatory requirements. HCL has an Information Security team to assess and manage the information security, data privacy and related risks by leveraging on people, processes and technology. The Company has a dedicated Information Security Manager who reports to the Director of Risk and Compliance.

5. Operating and financial risks

Risk

The Company operates as a provider of outsourced insurance administration services and is therefore exposed to those risks associated with that sector as a whole. Its activities are regulated by the FCA, whose regulations set out the requirements for providers of these services. These regulations cover such areas as minimum capital requirements, treating customers fairly and the handling of complaints from customers. Continued compliance with these regulations is an essential pre-requisite to the Company's ability to achieve its future business objectives.

Strategy

The Company ensures that the interests of customers are enshrined in its core business objectives and it needs to be able to provide evidence of this to both clients and the FCA. Its Conduct Risk Committee, comprising the Chief Operating Officer and senior management representatives, meets regularly to oversee Conduct Risk and ensure that regulatory requirements in this area are fulfilled.

Financial instruments

The Company's operations expose it to a variety of financial instrument related risks such as foreign exchange rate risk, credit risk and liquidity risk. The hedging decisions are managed by the ultimate holding company at the group level and there are no hedge instruments/ contracts entered by the company. The Company has adequate controls in place that seek to minimise the adverse effects of these financial risks on the Company's financial performance.

1. Foreign exchange rate risk

Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the Company's functional currency. Most of the transactions of the Company are carried out in its functional currency. The ultimate parent company takes hedges to minimise risk at overall group level. As per ultimate holding company's risk management policy, hedges are predominantly taken by ultimate parent company to hedge foreign currency risk. In certain cases, to address specific risks, hedges may be taken at subsidiary level. However, the company does not undertake any hedges itself.

2. Credit risk

The Company has no significant concentrations of credit risk and the Company's clients are substantial organisations based in the UK. It has policies in place to ensure that outsourcing services are provided only to renowned clients or those with an appropriate credit history. The Company also has policies and procedures in place for the control and monitoring of its exposure to credit risk. The Company has a dedicated team that closely monitors and follows up receivable from customers and provision for doubtful debts is created wherever required as per Group policy. During the year there was no significant doubtful amount identified for which the Company was required to create a provision.

3. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short term bank deposits. The Directors do not see any significant liquidity risk involved. The Company also has an overdraft facility from its banker which can be used as and when required.

Cash flow performance is monitored on an ongoing basis by the Board.

The company also carries material balances due from and to related parties. Exposure to credit and liquidity risk is managed by principally transacting with other wholly owned related parties under central group treasury management.

This report was approved by the board of directors on 27 June 2023 and signed on its behalf.

Neeraj Prasad (Jun 27, 2023 14:40 GMT+1)

Sugata Gupta

Neeraj Prasad
Director

Sugata Gupta
Director

Directors' report

For the year ended 31 March 2023

The directors present their report and the financial statements for the year ended 31 March 2023.

Results and dividends

The profit for the year, after taxation, amounted to £2,080k (March 2022 - £2,977k).

The company has not made any political and charitable contributions during the year.

Dividend paid during the year, amounted to £1,800k (March 2022: Nil).

Directors

The directors who served during the year and to the date of approving the financial statements were: -

Mr. Sugata Gupta
Mr. Vijay Mallya
Mr. Neeraj Prasad
Mr. Shiv Kumar Walia

Employees

The Company is committed to its equal opportunity policy which follows best practice, based on equal opportunities for all employees, irrespective of race, religion, gender, colour, age, national origin, pregnancy, sexual orientation and physical ability etc. and offers appropriate training and career development for disabled staff. The policy governs all areas of employment and includes apprenticeship, pre-apprenticeship, and/ or on the job training.

The Company is also committed to providing employees with information on matters of concern on a regular basis. The Company has various platforms to provide the information and to invite views and suggestions from employees to address their concerns.

Further, during the financial year under review no principal decision has been taken nor any policy has been formulated/ modified which may have any adverse impact on the employees of the Company.

Going Concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have made an assessment of future cash flows for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through its operations to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Financial Instruments

Details of financial instruments are provided in the Strategic Report.

Disclosure of information to auditor

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

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

Reappointment of auditor

The auditors KNAV Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the board of directors on 27 June 2023 and signed on its behalf.

Neeraj Prasad
Neeraj Prasad (Jun 27, 2023 14:40 GMT+1)

Neeraj Prasad
Director

Sugata Gupta

Sugata Gupta
Director

HCL Insurance BPO Services Limited

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

For the year ended 31 March 2023

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of HCL Insurance BPO Services Limited

Opinion

We have audited the financial statements of HCL Insurance BPO Services Limited (the 'Company') for the year ended 31st March 2023, which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of financial position, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st March 2023 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

Independent Auditor's Report to the Members of HCL Insurance BPO Services Limited

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement [set out on page 7], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report to the Members of HCL Insurance BPO Services Limited

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit is capable of detecting irregularities, including fraud

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. The primary responsibility for prevention and detection of fraud rests with both those charged with governance of the entity and management.

Based on our understanding of the Company and the industry, discussions with the management, we identified Companies Act 2006, Financial Reporting Standard 102 and UK taxation and legislation as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with the laws and regulations and if there are any known instances of non-compliance
- examining supporting documents for all material balances, transactions and disclosures
- review of the minutes of the meetings conducted by the Board of Directors
- enquiry of management of legal matters in the year and use of legal firms thereof
- evaluation of the selection and application of accounting and policies related to subjective measurements and complex transactions
- analytical procedures to verify unusual or unexpected relationships
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The potential effects of inherent limitations are particularly significant in case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organised schemes designed to conceal it, including deliberate failure to record transactions, collusion or internal misrepresentations being made to us.

Independent Auditor's Report to the Members of HCL Insurance BPO Services Limited

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

....

Amanjit Singh FCA (Senior Statutory Auditor)
For and on behalf of KNAV Limited, Statutory Auditor

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE
Date: June 28, 2023
UAC: 2023-37-UK

Statement of profit and loss and other comprehensive income

For the year ended 31 March 2023

	Note	**Year ended 31 March 2023 £000**	Year ended 31 March 2022 £000
Turnover	4	**20,808**	20,290
Cost of sales		**(15,730)**	(13,286)
Gross profit		**5,078**	7,004
Administrative expenses		**(3,290)**	(4,093)
Other operating income		**2**	2
Operating profit	5	**1,790**	2,913
Interest receivable and similar income	8	**294**	69
Interest payable and similar charges	9	**(4)**	(5)
Profit before tax		**2,080**	2,977
Tax on profit	10	**-**	-
Profit for the year		**2,080**	2,977
Other comprehensive income		**-**	-
Total comprehensive income for the year		**2,080**	2,977

The notes on pages 15 to 28 form part of these financial statements.

All amounts related to continuing operations, refer note 2.3.

HCL Insurance BPO Services Limited
Registered number: 05301492

Statement of financial position

As at 31 March 2023

	Note		31 March 2023 £000		31 March 2022 £000
Fixed assets					
Tangible assets	11		**449**		769
Current assets					
Debtors: amounts falling after more than one year	12	**298**		286	
Debtors: amounts falling within one year	12	**9,505**		8,946	
Cash at bank	13	**2,662**		2,873	
		12,465		12,105	
Current Liabilities:					
Creditors: amounts falling within one year	14	**(2,654)**		(2,915)	
Net current assets			**9,811**		9,190
Total assets less current liabilities			**10,260**		9,959
Creditors: amounts falling due after more than one year	14		**(27)**		(6)
Provision for liabilities					
Other provisions	15		**(237)**		(237)
Net assets			**9,996**		9,716
Capital and reserves					
Called up share capital	16		**8,110**		8,110
Retained earnings			**1,886**		1,606
Shareholder's funds			**9,996**		9,716

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 27 June 2023.

Neeraj Prasad (Jun 27, 2023 14:40 GMT+1)

Sugata Gupta

Neeraj Prasad
Director

Sugata Gupta
Director

The notes on pages 15 to 28 form part of these financial statements.

HCL Insurance BPO Services Limited

Statement of changes in equity

For the year ended 31 March 2023

	Share capital £000	Retained earnings £000	Total equity £000
At 1 April 2021	8,110	(1,371)	6,739
Comprehensive income for the year			
Profit for the year	-	2,977	2,977
Total comprehensive profit for the year	-	2,977	2,977
At 31 March 2022	8,110	1,606	9,716
At 1 April 2022	**8,110**	**1,606**	**9,716**
Comprehensive income for the year			
Profit for the year	**-**	**2,080**	**2,080**
Total comprehensive income for the year	**-**	**2,080**	**2,080**
Dividend paid	**-**	**(1,800)**	**(1,800)**
At 31 March 2023	**8,110**	**1,886**	**9,996**

The notes on page 15 to 28 form part of these financial statements

Notes to the financial statements

For the year ended 31 March 2023

1. Company information

HCL Insurance BPO Services Limited is a company incorporated in United Kingdom. The registered office is HCL House, 28-36, Eastern Road, Romford, Essex, RM1 3PJ, United Kingdom.

2. Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and Companies Act 2006 under the historical cost convention.

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 company's presentational and functional currency is Pounds Sterling. The financial statements are presented in round thousands. Previous year's figures have been regrouped or reclassified, wherever considered necessary, to conform with the current year's presentation.

The financial statements contain information about HCL Insurance BPO Services Limited as an individual Company and are not consolidated financial statements. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as it and its subsidiary undertakings are included in the group financial statements of its ultimate parent, HCL Technologies Limited, a Company incorporated in India, which are publicly available at https://www.hcltech.com.

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7;
- the requirements of Section 11 Basic Financial Instruments.

This information is included in the consolidated financial statements of its ultimate parent, HCL Technologies Limited as at 31 March 2023 and these financial statements may be obtained from the Companies registry in India and also available at company's website at https://www.hcltech.com.

2.3 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have made an assessment of future cash flows for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through its operations to meet its liabilities as they fall due for that period.

2. Accounting policies (continued)

2.3 Going concern (continued)

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2.4 Turnover

Turnover for insurance business process outsourcing is charged mainly on a per policy administered basis and is recognised when the services are performed.

2.5 Tangible fixed assets

Tangible fixed assets 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.

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.

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 year in which they are incurred.

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

The estimated useful life ranges as follows:

Office equipment & plant and machinery	-	5 to 10 years
Fixtures and fittings	-	5 to 7 years
Computer equipment	-	4 to 5 years
Software	-	3 years

Advances paid towards the acquisition of property and equipment and cost of property and equipment not put to use before balance sheet date are classified as capital work-in-progress. Capital WIP is not depreciated.

2.6 Impairment of assets

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in the statement of profit and loss and other comprehensive income.

2. Accounting policies (continued)

2.6 Impairment of assets (continued)

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss and other comprehensive income.

2.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

2.8 Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like cash, trade and other accounts receivable and payable, bank overdraft, loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a 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.

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

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position 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.

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

2. Accounting policies (continued)

2.8 Financial instruments (continued)

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.

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

2.9 Defined contribution pension plan

The Company operates a defined contribution pension 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 payments obligations. The contributions are recognised as an expense in the Income Statement when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Foreign currency translation

The financial statements of the company are presented in Pounds Sterling.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of initial transaction.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Transaction gains or losses realised upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.11 Interest income

Interest income is recognised in the Income statement using the effective interest method.

2. Accounting policies (continued)

2.12 Taxation

Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

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

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

2.13 Finance costs

Finance costs are charged to the Income statement 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.

2.14 Share based payment

Share-based compensation represents the cost related to share-based awards granted to employees. The Company measures share-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost on a straight line basis (net of estimated forfeitures) over the employee's requisite service period for an award with service condition. The Company estimates the fair value of stock options using option pricing model. The cost is recorded in the statement of profit or loss with corresponding increase in "Amount owed to group undertakings".

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

The preparation of financial statements in conformity with FRS102 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, turnover, costs, expenses and other comprehensive income that are reported and disclosed in the financial statements and accompanying notes. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions are used as follows:

Provision against receivables
Using information available at the balance sheet date, the Directors make assumptions on the estimated debt recovery rates, based on experience, regarding the level of provision required to account for potentially uncollectible receivables, Amounts provided are £64k (March 2022- £86k).

Unbilled revenue
Using information available at the balance sheet date, the Directors make assumptions on the estimated unbilled revenue, based on the level of efforts required to account for potential unbilled revenue £897k (March 2022-£778k).

Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

4. Analysis of turnover

Turnover represents the amounts derived from the provision of business process outsourcing services to the financial services sector in the United Kingdom, stated net of value added tax.

Analysis of turnover by geographical market:

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
United Kingdom	**20,704**	20,290
Rest of the world	**104**	-
	20,808	20,290

5. Operating profit

The operating profit is stated after charging/(crediting):

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Operating lease	**583**	558
Tangible fixed assets - depreciation	**320**	484
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	**17**	10
Operating foreign exchange income	**(2)**	(2)

6. Employees

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

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Wages and salaries	**8,335**	8,161
Social security costs	**752**	730
Cost of defined contribution scheme	**361**	362
	9,448	9,253

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

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Operations	**249**	249
Administration and support	**1**	1
	250	250

7. Directors' remuneration

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Directors' emoluments	**377**	372
Company contribution to defined contribution pension scheme	**13**	13
	390	385

During the year remuneration was provided to one director and retirement benefits of £13k were accrued in respect of the defined contribution pension scheme.

All directors are eligible to receive shares under the long term incentive scheme. One director's cost is recognised in this entity. Refer to Note 17 for further details.

7. Directors' remuneration (Continued)

All other directors are also directors/employees in other group companies within the HCL group of companies, and all of these companies together are viewed as one business unit, and their remuneration is paid by the ultimate parent undertaking/other group company. The directors believe that remuneration applicable towards efforts for this company is negligible.

The company has no key management personnel other than the directors.

8. Interest receivable and similar incomes

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Interest receivable from group companies	**252**	69
Other interest receivable	**42**	-
	294	69

9. Interest payable and similar charges

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Bank charges	**4**	5
	4	5

Notes to the financial statements

For the year ended 31 March 2023

10. Tax on profit

Factors affecting tax charge for the year

The tax assessed for the year is at the standard rate of corporation tax in the UK of 19% (March 2022 - 19%). The differences are explained below:

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Profit before tax	**2,080**	2,977
Profit multiplied by standard rate of corporation tax in the UK of 19% (March 2022 -19%)	**395**	566
Effects of:		
Other timing differences relating to unabsorbed losses on which deferred tax has not been recognised	**(296)**	(488)
Adjustments for which no Deferred tax assets was recognised	**(99)**	(78)
Total tax charge for the year	**-**	-

The unrecognised deferred tax comprises:

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Tax losses	**637**	1,100
Decelerated capital allowances	**697**	654
Other timing differences	**49**	25
	1,383	1,779

Unrecognised deferred tax assets

A deferred tax asset of £637k (March 2022: £1,100k) in respect of losses carried forward; £49k (2022: £25k) in respect of other timing differences and £697k (March 2022: £654k) on decelerated capital allowances has not been recognised in the financial statements. The directors consider that there will not be sufficient taxable profits in the future to realise the deferred tax asset.

Factors that may affect future tax charges

In the Spring Budget 2023, it was confirmed that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date, there would be no change, as no deferred tax asset/ liability has been set up the company as at balance sheet date.

11. Tangible Fixed Assets

	Office equipment & plant and machinery	Fixtures and fittings	Computer equipment	Software	Total
	£000	£000	£000	£000	£000
Cost or valuation					
At 1 April 2022	577	764	1,753	1,088	4,182
Additions	-	-	-	-	-
Disposal	-	-	-	-	-
At 31 March 2023	**577**	**764**	**1,753**	**1,088**	**4,182**
Depreciation					
At 1 April 2022	515	639	1,187	1,072	3,413
Charge for the year	25	42	237	16	320
Disposal	-	-	-	-	-
At 31 March 2023	**540**	**681**	**1,424**	**1,088**	**3,733**
Net book value					
At 31 March 2023	**37**	**83**	**329**	**-**	**449**
At 31 March 2022	62	125	566	16	769

12. Debtors

	Year ended 31 March 2023	Year ended 31 March 2022
	£000	£000
Due after more than one year		
Prepayments and deposits*	**298**	286
	298	286

Included in debtors due after more than one year are deposits against the lease facility which are for more than 5 years and prepayments which will realise in more than one year.

*Prepayments and accrued income and deposits were shown separately in previous year financial statements and have been reclassed to "Prepayments and deposits" for better presentation.

Notes to the financial statements

For the year ended 31 March 2023

12. Debtors (continued)

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Due within one year		
Trade debtors	**2,440**	2,344
Amounts owed by group undertakings	**5,573**	5,500
Other Debtors	**76**	50
Unbilled receivables*	**864**	779
Prepayments	**552**	273
	9,505	8,946

Amounts owed by group undertakings include short term loans to group companies which incur interest at various interest rates based upon LIBOR+ 100 bps, are unsecured, and are repayable on demand.

*Unbilled receivables were included under Prepayments and accrued income in the previous year and have been reclassed to unbilled receivables which is the true reflection of the asset.

13. Cash and cash equivalents

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Cash at bank	**2,662**	2,873
	2,662	2,873

14. Creditors: Amounts falling due within one year

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Trade creditors(i)	**300**	263
Taxation and social security(ii)	**193**	183
Other creditors(iii)	**4**	9
Accruals and deferred income(iv)	**1,511**	1,812
Amounts owed to group undertakings	**646**	648
	2,654	2,915

Amount owed to group undertaking are repayable on demand and interest free.

(i) Amount GBP 45k was shown under "Accruals and deferred income" in previous year financial statements which has been reclassed to "Trade creditors" for better presentation.

(ii) "Other taxes and social security cost" has been renamed to "Taxation and social security" for better presentation.

(iii) Amount GBP 8.4k was shown under "Accruals and deferred income" in previous year financial statements which has been reclassed to "Other creditors" for better presentation.

(iv) Amount GBP 612k was shown under "Other creditors" in previous year financial statements which has been reclassed to "Accruals and deferred income" for better presentation.

14. Creditors: amounts falling due after more than one year

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Amounts owed to group undertakings	**27**	6
	27	6

15. Provision for liabilities

	Dilapidation costs £000
Provision for dilapidation costs	
At 1 April 2022	237
Transferred during the year	-
At 31 March 2023	**237**

The Company's provisions include a provision for dilapidation costs relating to a rental property. The dilapidations provision will be utilised at such a time as the Company vacates its existing premises.

16. Share capital

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Allotted, called up and fully paid up		
8,110,000 Ordinary share of £1 each	**8,110**	8,110
	8,110	8,110

17. Share based payment

In November 2021, the ultimate holding company, HCL Technologies Limited (HCLT) instituted the Restricted Stock Unit Plan 2021 to provide equity-based incentives to all eligible employees of the HCLT and its subsidiaries. The Plan is administered by the Nomination and Remuneration Committee (NRC) of HCLT through a controlled Trust. A maximum of 11,100,000 Restricted stock units (RSU) may be granted under the Plan. Each RSU granted under the plan entitles the holder to one equity share of HCLT at an exercise price, which is approved by the Nomination and Remuneration Committee.

On 20 December 2021, NRC has granted RSUs to the eligible employees of HCLT and its subsidiaries under the Plan. Subsequent to this grant, the Trust acquired 6,320,000 shares from secondary market for the purpose of implementation of the Plan. Each RSU granted under the above plan entitles the holder to one equity share of the Company at an exercise price of £0.02 per share.

All RSUs will vest if the employee continues to be in service on the roles of the Company or its subsidiaries on the vesting date.

The total cost for the year relating to employee share based payment plans was £23k (March 2022- £5k).

Notes to the financial statements

For the year ended 31 March 2023

18. Pension commitments

The Company operates a defined contribution pension scheme. The pension charge for the year amounted to £361k (March 2022 – £362k). Contributions totalling £64k (March 2022 - £63k) were payable to the independently administered fund at the reporting date and are included in creditors.

19. Commitments under operating leases

The company leases office accommodation for its employees under operating lease agreements. The lease rental expense recognised in the statement of comprehensive income for the year is £583k (2022- £558k).

At 31 March 2023, the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Year ended 31 March 2023 £000	Year ended 31 March 2022 £000
Not later than 1 year	**583**	583
Later than 1 year and not later than 5 years	**1,886**	2,188
Later than 5 years	**-**	267
	2,469	3,088

20. Related party transactions

The company has taken advantage of the exemption available in section 33 of FRS102 from disclosing transactions with related parties that are wholly owned by HCL Technologies Limited group, on the basis that 100% of the Company's voting rights are controlled within the group and consolidated financial statements in which the Company is included are available.

21. Controlling party

The Company is a wholly owned subsidiary of HCL America Inc. (immediate parent undertaking), a company incorporated in United States of America and is ultimately controlled by HCL Technologies Limited (ultimate parent undertaking), a company incorporated in India. Its results are consolidated in the financial statements of HCL Technologies Limited, the ultimate parent undertaking and controlling party based in India.

The largest and smallest group of undertaking for which the group financial results have been prepared that include the results of the Company is that headed by HCL Technologies Limited, registered office at 806, Siddharth, 96, Nehru Place, New Delhi- 110019, India. The consolidated financial statements are available to the public on the company's website at https://www.hcltech.com.

Notes to the financial statements

For the year ended 31 March 2023

22. Reclassification

i. During the year ended 31 March 2023, the company has revised the presentation of "Administrative expenses" from "Distribution costs" & "Administrative expenses" shown separately in previous year financial statements on face of Statement of profit and loss and other comprehensive income for better presentation.

ii. During the year ended 31 March 2023, the company has revised the presentation of "Other operating (expenses)/income" from "Operating foreign exchange income/(expense)" on face of Statement of profit and loss and other comprehensive income for better presentation.

23. Post balance sheet events

There is no material subsequent event.