Mastek Systems Company Limited
Annual Report for the year ended 31 March 2024

Registered Number 07559069

Mastek Systems Company Limited

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Mastek Systems Company Limited
Company Information

Directors
Singh, Abhishek w.e.f. September 21, 2023
Desai, Ashank w.e.f. September 21, 2023
Grover, Rajeev w.e.f. September 21, 2023
Chandrana, Hiral w.e.f. September 21, 2023
Sarkar, Soutik- Company Secretary appointed w.e.f. August 9, 2023
Rao, Priti - resigned w.e.f. May 31, 2023
Bhinde, Yashodhar - resigned w.e.f. July 22, 2023
Nahata, Umang Tejkaran - resigned w.e.f. October 1, 2023

Auditors
Grant Thornton UK LLP
Chartered accountants and statutory auditor
110 Queen Street
Glasgow
G1 3BX

Bankers
ICICI Bank UK plc
47, Ealing Road
Wembley
Middlesex
HA0 4BA

Registered office
Harrow Business Centre
429-433 Pinner Road,
North Harrow
Middlesex
HA1 4HN

Registered Number
07559069

Mastek Systems Company Limited

Directors' Report for the year ended 31 March 2024

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2024.

Dividends

No dividends were paid by the company during the current or prior year.

Events since the balance sheet date

There have been no significant events affecting the financial position of the company after year end.

Directors

The following persons served as directors during the year:
Singh, Abhishek w.e.f. September 21, 2023
Desai, Ashank w.e.f. September 21, 2023
Grover, Rajeev w.e.f. September 21, 2023
Chandrana, Hiral w.e.f. September 21, 2023, resigned w.e.f. September 3, 2024
Sarkar, Soutik- Company Secretary appointed w.e.f. August 9, 2023
Rao, Priti - resigned w.e.f. May 31, 2023
Bhinde, Yashodhar - resigned w.e.f. July 22, 2023
Nahata, Umang Tejkaran - resigned w.e.f. October 1, 2023

Directors' indemnities and insurance

Mastek Systems Company Limited has purchased and maintained throughout the year directors' and officers' liability insurance in respect of itself and its directors and officers under Global policy coverage obtained by its parent Company Mastek Limited in India.

At the date of this Directors' Report, indemnities are in force under which Insurance Company under the directors' and officers' policy , has agreed to indemnify the directors and the officers to the extent covered /permitted by law in respect of losses arising in their capacity as director or officer of any member of Mastek Systems Company Limited.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through the house newspaper and newsletters, satisfaction surveys, briefing groups and the distribution of the annual report.

Disclosure of information to auditors

Each person who was a director at the time this report was approved confirms that:
• so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
• the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the board on 18/12/2024 and signed on its behalf.

Singh, Abhishek Abhishek Singh
Director

Mastek Systems Company Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 101 'Reduced Disclosure Framework'. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Mastek Systems Company Limited

Strategic Report

The directors present the strategic report of the company for the year ended 31 March 2024.

Principal activity

The principal activity of the company was that of providing consulting services in the field of Information Technology for Oracle applications across public and private sector.

Business Review and future developments

The company's turnover over the last few years as set out below: Year Ended 31 March:

2019	13,260,904
2020	18,915,754
2021	21,059,002
2022	26,055,726
2023	32,500,280
2024	28,732,190

Turnover for the year of £28,732,190 is down from the previous year, driven mainly by the economic pressures in the UK Local Government space which is the largest customer base for the company. The company is diversifying into the commercial client segment to mitigate the risk.
The company continued to focus on its business objectives by widening its customer base and by ascertaining how to enhance the quality of services provided. The company's strategy to grow in the industry by securing new contracts and managing project costs effectively has rewarded the company with strong profititability.

The profit for the year after taxation amounted to £ 3,854,253 (2023 : £ 5,859,198)

The Trade receivables of the Company has decreased by £ 1,355,647. The Company has positive operating cash flows which has led to an increase in Cash and Cash Equivalents by £ 3,149,368. There are no additional investments made in the current year and hence has no movement in these balances.
The excess cash is remunerated to group companies for expansion of business and working capital requirement, leading to increase in intercompany receivables.

The company did not pay any dividends during the year with the aim to retain reserves and finances for future expansion.
According to Data Bridge Market Research report, the global oracle services market is expected to witness market growth at a rate of approximately 13.60% in the forecast period of 2021 to 2028 and is expected to reach USD 21,278.49 million by 2028. UK is a key market in the Oracle space, fueled by the rising demand for cloud-based services. The Company is well placed in the Oracle EBM and cloud space to leverage these opportunities.

Being a part of the Mastek group, has significantly extended the company's global customer reach in digital cloud services and Oracle Software-as-a-Service areas. Our wide digital services offerings will enable co-sell and cross-sell opportunities in the future. Combined service offerings will enable the company to grow on the back of larger wallet share with existing customers.

UK is expected to witness a robust rate of cloud adoption by small and large enterprises. Customer value proposition includes increasing operational productivity, lower costs and short implementation cycles.

Another area which will fuel future demand is the digitization of e-commerce space. Our unique combination of Oracle e-commerce with Oracle CRM as an offering, makes a differential value proposition to the customer. The other key focus is the SAP Compete market from a share of wallet perspective.

The company will continue to focus on managed service offerings, not only by converting or creating managed services on cloud applications for our install-based customers, but also by competing and winning customers who have platforms which have been implemented by other large consulting firms.

Principal risks and uncertainties

The principal risks are as follows:

· Cost pressures impacting our clients' ability to further invest in IT solutions. The macro-economic environment is continuing to face multiple challenges including geopolitical uncertainties, rising inflation and slowing growth. While the Company is impacted by these marco-economic conditions, it has continued its focus on operational improvement and cost containment initiatives to provide IT solutions in a cost efficient manner. It further has the benefit of being very well entrenched with many of its customers, involved in their critical and strategic initiatives.

· Cost of Living & Employee Salaries: The company recognizes the likely impact of inflationary pressure on employees' costs of living. Specific measures taken include key talent reviews to retain individuals who are critical to the business, along with setting fair salary compensation strategies.

· The company's contracts and expenses are mainly in the United Kingdom with transactions in Sterling Pound resulting in foreign currency exposure being minimised.

The process of risk acceptance and risk management is addressed through a comprehensive framework of procedures and policies built as an internal control within the management of the company.

Post Balance Sheet events:

There is no significant adjusting or non adjusting event occurred between 31 March 2024 and the date of approval of the financial statements.

Financial risk management

The company faces various financial risks inherent with the nature of the business such as credit risk to customers, liquidity risk, exchange rate, interest rate, laws and regulations and operational risk.

Credit risk :

The company's principal assets are trade debtors. The company monitors credit risk closely by setting payment milestones agreed in the contract and invoicing regularly to receive payments. Historically, the credit risk of the company has remained low. On occasions the company receives payments in advance on commencement of projects. Also, the company has Credit risk insurance.

Price Risk

The company manages price risk by locking in contracts, using fixed pricing models, diversifying service offerings, and regularly assessing market conditions to adjust strategies proactively.

Liquidity & Cash flow risk:

The finance department manages the risk by ensuring timely invoicing upon reaching project milestones and collecting payments. Receiving advance payments at project start reduces working capital needs and enhances liquidity. Overall, the projects have been profitable, allowing the company to build a strong bank balance and maintain positive cash flow.

Exchange rate risk

The company's contracts and expenses are mainly in the United Kingdom with transactions in Sterling Pound. The exposure to foreign currency transactions is minimal.

Interest risk

The business does not have any borrowings and hence the interest risk is minimal.

Laws and regulations

The company operates in a regulated market and has an in-house legal team that reviews trading contracts and licensing laws. It maintains a human resources department, supported by outsourced advisors, to ensure compliance with employment law. The company adheres to the General Data Protection Act 2016 (GDPR) and the Privacy and Electronic Communications Regulations 2003 (PECR) to protect private data. Additionally, it has a due diligence process to verify the identities of customers and business associates, as mandated by the Money Laundering Regulations 2007 (MLR). The company also follows the principles of the Bribery Act 2010 when considering the receipt or offering of gifts or hospitality.

Operational risk

The company has retained a very strong team of well qualified staff who are well trained and experienced to deliver the services provided by the company. Together with the experience in the industry and continuing review procedures the operation risk to deliver contract of services are at minimum.

Key financial indicators

The company uses a range of key performance indicators to monitor and measure the performance of the business

	2024	2023
Turnover	28,732,190	32,500,280
Direct cost	20,070,803	21,864,737
Gross profit margin	8,661,387	10,635,543
Gross profit margin %	30%	33%
Profit Before Tax	5,210,756	7,193,703

The financial results have a decrease in revenue of 11.59% in comparison with the prior year driven mainly by the economic pressures in the UK Local Government domain which is the largest customer base for the company, this impact is being mitigated by diversifying into the commercial client segment.

This report was approved by the board on 18/12/2024 and signed on its behalf.

Singh, Abhishek
Director

Abhishek Singh

Independent auditor's report to the members of Mastek Systems Company Limited

Opinion

We have audited the financial statements of Mastek Systems Company Limited (the 'company') for the year ended 31 March 2024, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement 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 101 'Reduced Disclosure Framework' (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 of 31 March 2024 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the UK high inflationary environment, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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 are 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the 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 or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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 4,, 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 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the industry within which it operates through our general commercial and sector experience and discussions with management. We determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (Financial Reporting Standard 101) and the Companies Act 2006.
  • In addition, being operational in the United Kingdom, we identified that UK health and safety, employment and data protection laws are relevant for compliance.
  • We assessed the susceptibility of the company's Financial Statements to material misstatement including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
- − Identifying and assessing the design effectiveness of the processes and controls which management has put in place to prevent and detect fraud
- − Challenging assumptions and judgements made by management in its significant accounting estimates
- − Identifying and testing journal entries in line with any transactions which were unexpected for corroboration to supporting documentation
  • Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement line item. These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the following:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates; and
  - understanding of the legal and regulatory requirements specific to the entity including, the application of the legal and regulatory requirements of Financial Reporting Standard 101 and the Companies Act 2006 as applicable to Mastek Systems Company Limited.
- In assessing the potential risks of material misstatement, we obtained an understanding of: - the company's operations, including the nature of its revenue sources and revenue recognition policy, the assessment of material judgements made by management and the design of the control environment for the overall financial reporting process within Mastek Systems Company Limited;
  - the company's control environment, including the policies and procedures implemented to comply with the requirements of Financial Reporting Standard 101 and the Companies Act 2006, the adequacy of procedures for authorisation of transactions within the business and the regularity of management's review of financials for indicators of material misstatement.

A further description of our responsibilities for the audit of the financial statements is located 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.

Lynne Bicket

Lynne Bicket
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Glasgow
18 December 2024

Mastek Systems Company Limited
Statement of comprehensive income for the year ended 31 March 2024

	Notes	Year ended 31 March 2024	Year ended 31 March 2023
		£	£
Turnover	2	28,732,190	32,500,280
Cost of sales		(20,070,803)	(21,864,737)
Gross profit		8,661,387	10,635,543
Administration expense		(4,106,449)	(3,728,657)
Operating profit	4	4,554,938	6,906,886
Other income	6	655,818	286,817
Profit on ordinary activities before taxation		5,210,756	7,193,703
Tax on profit on ordinary activities	7	(1,356,503)	(1,334,505)
Profit for the financial year		3,854,253	5,859,198
Other comprehensive income for the year		-	-
Total comprehensive income for the year		3,854,253	5,859,198

The financial statements were approved by the Board of Directors on 18/12/2024 and were signed on its behalf by:

Singh, Abhishek Abhishek Singh
Director
Registered number: 07559069
The notes 1 to 19 form part of these financial statements.

Mastek Systems Company Limited
Statement of financial position as at 31 March 2024

	Notes	As at 31 March 2024	As at 31 March 2023
Non current assets		£	£
Fixed assets-			
Tangible assets	8	46,857	77,215
Investments	9	87	87
Deferred tax assets	12	106,013	64,970
		152,957	142,272
Current assets			
Debtors	10	31,551,214	29,430,893
Cash at bank and in hand	16	4,155,212	2,151,860
		35,706,426	31,582,753
Creditors-amounts falling due within one year	11	(6,307,804)	(6,027,699)
Net current assets		29,398,622	25,555,054
Total assets less current liabilities		29,551,579	25,697,326
Net assets		29,551,579	25,697,326
Capital and reserves			
Called up share capital	13	100	100
Retained earning		29,551,479	25,697,226
Total Equity		29,551,579	25,697,326

The financial statements were approved by the Board of Directors on 18/12/2024 and were signed on its behalf by:

Abhishek Singh

Singh, Abhishek
Director
Registered number: 07559069
The notes 1 to 19 form part of these financial statements.

Mastek Systems Company Limited
Statement of Changes in Equity for the year ended 31 March 2024

	Called up share capital	Retained earning	Total
Balance as at 31 March 2022	100	19,838,028	19,838,128
Profit for the financial year	-	5,859,198	5,859,198
Total comprehensive income for the year	100	25,697,226	25,697,326
Balance as at 31 March 2023	100	25,697,226	25,697,326
Profit for the financial year	-	3,854,253	3,854,253
Total comprehensive income for the year	100	29,551,479	29,551,579
Balance as at 31 March 2024	100	29,551,479	29,551,579

Cash flow statement for the year ended 31 March 2024

	Notes	Year ended 31 March 2024	Year ended 31 March 2023
		£	£
Net cash generated/(used in) from operating activities	14	3,149,368	(9,446,443)
Taxation paid		(1,117,234)	(3,021,538)
Cash used in financing activities	15	(6,110)	(3,940)
Cash used in investing activities	15	(22,672)	(32,859)
Increase/(Decrease) in cash in the year		2,003,352	(12,504,780)
Cash and cash equivalents at the beginning of the year	15	2,151,860	14,656,640
Cash and cash equivalents at the end of the year		4,155,212	2,151,860

The notes 1 to 19 form part of these financial statements.

1. Accounting Policies

Mastek Systems Company Limited is a private limited company and is incorporated and domiciled in the UK. The address of its registered office is Harrow Business Centre,429-433 Pinner Road,North Harrow,Middlesex, HA1 4HN.

These financial statements were prepared in accordance with Financial Reporting Standard 101 ("FRS 101") and applicable law.
The Company's ultimate parent undertaking, Mastek Limited, includes the Company in its consolidated financial statements and it is the largest and the smallest group the Company is consolidated into. The consolidated financial statements of Mastek Limited are publicly available from its registered office, 804/805 President House, C.N. Vidyalaya, Near Ambawadi Circle, Ahmedabad – 380 006. Therefore the company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Foreign currency transactions of the Company are accounted for at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities are translated at the rate prevailing on the Balance Sheet date whereas non-monetary assets and liabilities are translated at the rate prevailing on the date of the transaction. Gains and losses resulting from the settlement of foreign currency monetary items and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Accounting convention

These financial statements are prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Going concern

The company meets its day-to-day working capital requirements through its cash reserves and borrowings. Despite the current economic conditions creating uncertainty, particularly regarding the demand for the company's services, management has reviewed forecasts and projections extending to March 2026. These forecasts, which consider reasonably possible changes in business performance, indicate that the company should be able to operate within its current cash reserves. Management has also performed sensitivity analysis and considered potential mitigations for any drop in activity. They have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the company continues to adopt the going concern basis in preparing its financial statements.

Turnover

The Company derives revenue primarily from Information Technology services which includes IT Outsourcing services, support and maintenance services. The Company recognizes revenue on transfer of control of deliverables (solutions and services) to its customers in an amount reflecting the consideration to which the Company expects to be entitled. To recognize revenues, the Company applies the following five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.
The company accounts for a contract when it has approval and commitment from all parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

Fixed Price contracts related to Application development, consulting and other services are single performance obligation or a stand-ready performance obligation, which in either case is comprised of a series of distinct services that are substantially the same and have the same pattern of transfer to the customer (i.e. distinct days or months of service). Revenue is recognized in accordance with the method prescribed for measuring progress i.e. percentage of completion method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Revenues relating to time and material contracts are recognized as the related services are rendered.

Multiple element arrangements-
In contracts with multiple performance obligations, the company accounts for individual performance obligations separately if they are distinct, and allocate the transaction price to each performance obligation based on its relative standalone selling price out of total consideration of the contract. Standalone selling price is determined utilizing observable prices to the extent available. If the standalone selling price for a performance obligation is not directly observable, the company uses expected cost plus margin approach.

IT support and maintenance-
Contracts related to maintenance and support services are either fixed price or time and material. In these contracts, the performance obligations are satisfied, and revenues are recognized, over time as the services are provided. Revenue from maintenance contracts is recognized rateably over the period of the contract because the company transfers the control evenly by providing stand-ready services.

The term of the maintenance contract is usually one year. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognized rateably over the term.
Contracts may include incentives, service level penalties and rewards. The company includes an estimate of the amount it expects to receive for the total transaction price if it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved.

Any modification or change in existing performance obligations is assessed whether the services added to existing contracts are distinct or not. The distinct services are accounted for as a new contract and services which are not distinct are accounted for on a cumulative catch-up basis.
Unbilled revenue represent revenue recognised on services rendered as per contractual terms, for which amounts are billed in subsequent periods.

Disaggregated Revenue

The table below presents disaggregated revenues from contracts with customers by service line for each of our business segments. The company believe this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cash flows are affected by industry, market and other economic factors.

	2024	2023
	£	£
Service Revenue	28,732,190	32,500,280
Grand Total	**28,732,190**	**32,500,280**

Other Income

Other income comprises of client reimbursement income.

Tangible fixed assets

Tangible fixed assets are stated at historical purchase cost less accumulated depreciation. Depreciation is provided at the following annual rates in order to write off the cost of each asset less the estimated residual value, over its estimated useful life.

Fixtures and fittings	20% on straight-line basis
Computer equipment	20% on straight-line basis

Long term contracts

Debtors include amounts recoverable on contracts, which are stated at cost plus attributable profit to the extent that such profit is reasonably certain and after making provision for any foreseeable losses in completing contracts (as noted in the turnover accounting policy above), less payments received on account.

Cost comprises the direct costs of providing the goods and services, together with directly attributable overheads. Payments on account represent the excess of amounts billed over that recognised.

Deferred and Current Tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.
Deferred tax 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Leases
The company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported same as before.

As a lessee
The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i. Right of Use assets
The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies note for impairment of non-financial assets.

ii. Lease liabilities
At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are included in Interest-bearing loans and borrowings.

iii) Short-term leases and leases of low-value assets
The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of laptops, lease-lines and office furniture and equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Creditors
Creditors are measured at transaction price which is usually the invoice price.

Provisions
Provisions are recognised when the company has a present obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation.

Research and Development credit
The Research and Development (R&D) expenditure credit is a government-sponsored incentive that rewards companies for conducting R&D in the United Kingdom. It is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. This credit claimed by the Company are in relation to Income i.e refund against expenditure and hence United Kingdom accounting standard prescribes below options of presentation:
Grants related to income should be presented either as:
- a credit in the income statement, either separately or under a general heading such as 'other income'; or
- a deduction in reporting the related expense (net-off approach)

Pensions
The company operates a defined contribution pension scheme. Contributions payable for the year are charged to the statement of comprehensive income.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade Receivables, net is primarily comprised of billed and unbilled receivables (i.e. only the passage of time is required before payment is due) for which we have an unconditional right to consideration, net of an allowance for doubtful accounts. A contract asset is a right to consideration that is conditional upon factors other than the passage of time.

The company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments

The company does not use any derivative financial instruments and hence its financial assets and financial liabilities are accounted for at cost as described above. The company's principal assets are trade debtors. The company monitors credit risk closely by setting payment milestones agreed in the contract and invoicing regularly to receive payments. Historically, the credit risk of the company has remained low.

Consolidated financial statements

The accounts contain information about the company as an individual company and do not contain consolidated financial information as parent of a Company. The company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated accounts as it and its subsidiary undertakings are included by full consolidation in the consolidated accounts of Mastek Limited, a company registered in India. The accounts of Mastek Limited are publicly available.

Investments

Investment in subsidiaries are carried at cost less accumulated impairment losses, if any.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits and current account with banks.

Impairment

Non Financial Instrument

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Comprehensive Income measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of Comprehensive Income if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

Capital Management

The Company policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The company monitors the return on capital as well as the level of dividends on its equity shares. The company objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

Reserves

Retained earnings: Retained earnings is the amount of net income left over for the business after it has paid out dividends to its shareholders.

2. Analysis of turnover

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Rendering of services	28,732,190	32,500,280
By geographical market:		
UK	28,715,134	32,467,980
Europe	17,056	28,182
Rest of world	-	4,118
	28,732,190	32,500,280

3. Staff costs

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Wages and salaries	9,245,947	9,234,765
Social security costs	1,115,774	1,181,117
Other pension costs	306,691	256,074
	10,668,412	10,671,956

The average monthly number of employees during the year was as follows:	2024 Number	2023 Number
Administration and consultants	109	113
Director	1	1
	110	114

4. Operating Profit

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
The operating profit is stated after charging:		
Other operating leases	3,125	10,022
Depreciation	-	672
Services provided by the Company's Auditor		
- fees payable for the audit	24,340	22,130
- indirect expenses	730	-

5. Director's emoluments

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Aggregate emoluments	166,093	353,687
Company contributions to defined contribution pension plans	2,294	6,413
	168,387	360,100

The number of Directors to whom retirement benefits were accruing was as follows:	Number	Number
Defined contibution plans	1	1

6. Other Income

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Client reimbursment income	25,000	26,049
Other income*	630,818	260,768
	655,818	286,817

*Other income includes interest income and foreign exchange gains

7. Taxation

a) Analysis of tax charge in the year	Year ended 31 March 2024	Year ended 31 March 2023
Current tax:	£	£
UK corporation tax on profit for the year	1,327,351	1,393,565
Adjustment in respect of prior year	70,195	-
	1,397,546	1,393,565
Deferred tax		
Origination and reversal of timing differences	(41,043)	(59,060)
Tax on profit on ordinary activities	1,356,503	1,334,505

b) Factors affecting the tax charge for the year

The tax assessed for the year is different to the standard rate of UK Corporation tax of 25% (2023: 19%) and the differences are explained below:

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Profit on ordinary activities before tax	5,210,756	7,193,703
Tax charge on profit at 25% (2023: 19%)	1,302,689	1,366,804
Effects of:		
Expenses not deductible for tax purposes	12,358	(30,426)
Capital allowances for period in excess of depreciation	-	(1,873)
Adjustment in respect of prior year-Current Tax	70,195	-
Adjustment in respect of prior year-Deferred Tax	(28,739)	-
Total current tax charge for the year	1,356,503	1,334,505

8. Tangible fixed assets

	Fixtures and fitting £	Computer equipment £	Right to use Assets £	Total £
2023-2024				
Cost				
At 1 April 2023	8,386	131,215	-	139,601
Additions	-	22,672		22,672
At 31 March 2024	8,386	153,887	-	162,273
Depreciation				
At 1 April 2023	8,386	54,000	-	62,386
Charge for the year	-	53,030	-	53,030
At 31 March 2024	8,386	107,030	-	115,416
Net book value				
At 31 March 2024	-	46,857	-	46,857
At 31 March 2023	-	77,215	-	77,215
2022-2023				
Cost				
At 1 April 2022	8,386	98,356	106,733	213,475
Additions	-	32,859	-	32,859
Less: Deletion	-	-	(106,733)	(106,733)
At 31 March 2023	8,386	131,215	-	139,601
Depreciation				
At 1 April 2022	8,386	33,035	106,061	147,482
Charge for the year	-	20,965	672	21,637
Less: Deletion	-	-	(106,733)	(106,733)
At 31 March 2023	8,386	54,000	-	62,386
Net book value				
At 31 March 2023	-	77,215	-	77,215

9. Investments

Cost:	Non-current (£)
As on 1 April 2023 and 31 March 2024	87

		At 31 March 2024		At 31 March 2023	
Directly held investments	Country of incorporation	Holding %	NBV £	Holding %	NBV £
Evolutionary Systems Netherlands BV	Netherlands	100.0%	87	100.0%	87

10. Debtors: amounts falling due within one year

	As at 31 March 2024	As at 31 March 2023
	£	£
Trade debtors	3,544,058	4,933,968
Less: Provision for doubtful debts	(344,403)	(378,667)
	3,199,655	4,555,301
Amount recoverable on contracts	7,480,363	9,047,275
Less: Provision for Impairment on contracts	(53,123)	-
	7,427,240	9,047,275
Other Receivables		
Amounts from group undertakings	20,754,625	15,364,115
Prepayments	36,661	74,125
Deposits	21,739	23,529
Corporation taxation	77,037	357,349
Other current assets	34,257	9,199
	31,551,214	29,430,893

11. Creditors: amounts falling due within one year

	As at 31 March 2024	As at 31 March 2023
	£	£
Trade creditors	171,730	137,081
Amounts due to group undertakings	1,302,388	1,855,996
Social security and other taxes	1,237,195	1,511,531
Other creditors	1,305,619	1,034,661
Advances received from Customer	-	43,274
Accruals and deferred income	2,290,872	1,445,156
	6,307,804	6,027,699

12. Deferred taxation

The full liability for deferred tax has been recognised in the accounts as follows:	£
At 31 March 2023	(64,970)
Credited to the profit and loss account	(41,043)
At 31 March 2024	(106,013)

	As at 31 March 2024	As at 31 March 2023
The deferred taxation assets comprises:	£	£
Accelerated capital allowances	(106,013)	(64,970)
Total	(106,013)	(64,970)

13. Called up share capital

			As at 31 March 2024	As at 31 March 2023
Authorized				
Number	Class	Nominal value	£	£
100	Ordinary	£ 1	100	100
Allotted, issued and fully paid:			2024	2023
Number	Class		£	£
100	Ordinary	£ 1	100	100

14. Reconciliation of operating profit to operating cash flows:-

	Year ended 31 March 2024	Year ended 31 March 2023
	£	£
Operating profit	3,854,253	5,859,198
Depreciation and amortisation expense	53,030	21,637
Tax on profit on ordinary activities	1,356,503	1,334,505
(Increase) in debtors	(2,400,633)	(18,414,845)
Add- Finance cost	6,110	3,936
Add- Leases finance cost IFRS 16	-	4
Increase/(decrease) in lease liabilities	-	(4,166)
Increase in creditors	280,105	1,753,288
Less: Corporation tax paid	(1,117,234)	(3,021,538)
Net cash inflow from operating activities-(A)	2,032,134	(12,467,981)

15. Analysis of cash flows for headings netted in the cash flow statement

Cash flows from investing activities		
(Purchase) of fixed assets net of right to use assets	(22,672)	(32,859)
Net cash outflow from investing activities (B)	(22,672)	(32,859)
Cash flows from financing activities		
Finance cost	(6,110)	(3,940)
Net cash outflow from financing activities (C)	(6,110)	(3,940)
Net cash generated (A+B+C)	2,003,352	(12,504,780)
Cash and cash equivalent at beginning of the period	2,151,860	14,656,640
Cash and cash equivalent at end of the period	4,155,212	2,151,860

16. Analysis of change in net funds

	2023	Cash flow	Exchange gain on cash and cash equivalent	2024
	£	£	£	£
Net cash:				
Cash at bank and in hand	2,151,860	2,003,352	-	4,155,212
Total	2,151,860	2,003,352	-	4,155,212
Analysed in Statement of financial position				
Cash at bank and in hand	2,151,860	2,003,352	-	4,155,212

17. Ultimate parent company

The holding company and ultimate parent of Mastek Systems Company Limited is Mastek Limited, a company registered in India.

Mastek Limited is the largest and the smallest group into which the Company is consolidated into. The consolidated financial statements of Mastek Limited can be obtained from Mastek Limited, 804/805 President House, C.N. Vidyalaya, Near Ambawadi Circle, Ahmedabad - 380 006, India.

18. Pension commitment

During the year the Company paid contributions to a defined contribution pension scheme for its Directors and staff. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £ 306,691 (2023: £ 256,074).

An amount of £ 57,061 (2023: £ 55,287) is included in accruals which represents the excess of the accumulated pension cost over the payment of contributions to the pension fund.

19. Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. No judgements are involved in the preparation of the financial statements.

Revenue recognition on long term contracts and related work in progress balances:

The Company applies the percentage of completion method in accounting for its fixed price contracts. Use of the percentage of completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. (Also refer Note 1).

Research and Development credit:

The Research and Development (R&D) expenditure credit is a government-sponsored incentive that rewards companies for conducting R&D in the United Kingdom. It is not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to it, and that the grant will be received. This credit claimed by the Company are in relation to Income i.e refund against expenditure. (Also refer Note 1)