

Registered number: 03518451

**HINDUJA GLOBAL SOLUTIONS
EUROPE LIMITED**

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

**LUBBOCK FINE
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB**

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

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HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

COMPANY INFORMATION

DIRECTORS	Mr R P Hinduja Ms V Hinduja Mr P DeSarkar Mr S Palakodeti Mr A M Vallance (resigned 21 July 2017) Mr M Hooper Mr C Foster (appointed 24 October 2017)
COMPANY SECRETARY	Mr M Hooper
REGISTERED NUMBER	03518451
REGISTERED OFFICE	266-270 Gunnersbury Avenue Chiswick London W4 5QB
INDEPENDENT AUDITORS	Lubbock Fine Chartered Accountants & Statutory Auditors Paternoster House 65 St Paul's Churchyard London EC4M 8AB
BANKERS	Barclays Bank Plc 1 Churchill Place London E14 5HP Bank of Baroda Baroda House 32 City Road London EC1Y 2BD

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their strategic report for Hinduja Global Solutions Europe Limited for the year ended 31 March 2018.

PRINCIPAL ACTIVITY

During the year the principal activity of the Company was the provision of Business Process Management Services including Call Centre Services and Non-voice Business Process Outsourcing Services ("BPO"), both to subsidiaries and other group companies.

BUSINESS REVIEW

The results of the Company for the year, as set out on pages 9 to 21, show a loss on ordinary activities before tax of £66,398 (2017 - £154,396). The shareholders' funds of the company total £8,426,490 (2017 - £8,006,427).

The Company holds shareholdings in Hinduja Global Solutions UK Limited and Hinduja Global Solutions (France) Limited of 26% and 100%, respectively.

Hinduja Global Solutions UK Limited's focus has been on organic growth through new logo acquisitions combined with strategic expansions into key accounts. This has contributed to a significant increase in headcount. Hinduja Global Solutions UK Limited now has 1,200 employees operating from 3 delivery centres across Europe. Hinduja Global Solutions UK Limited leverages its multi-channel and multi-lingual expertise to capture market share and grow existing flagship accounts.

Hinduja Global Solutions UK Limited will continue to grow its presence across the Government, Public Sector, Consumer Packaged Goods and Healthcare sectors and will also leverage existing relationships to gain more traction with revenue generating accounts. Hinduja Global Solutions UK Limited continues to be a key player in providing pan European multi-lingual contact management services for Consumer Packaged Goods and will continue to build on this. In the past year, Hinduja Global Solutions UK Limited acquired new logos in Consumer Packaged Goods and Utilities sectors.

The Company has set up a healthcare sales function who are working on growing the healthcare outsourcing vertical in coming years.

PRINCIPAL RISKS AND UNCERTAINTIES

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management.

The Company does not foresee any significant risks and uncertainties in the coming year.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL KEY PERFORMANCE INDICATORS

Management consider that the key performance indicators of the Company are:

	2018	2017
	£	£
Revenue	1,585,311	1,263,480
Profit / (loss) before tax	(66,398)	(154,396)

The losses in the current year are as a result of the investment in the healthcare sales function noted above.

This report was approved by the board and signed on its behalf.

Mr M Hooper
Director

Date: 10 May 2018

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their report and the financial statements for the year ended 31 March 2018.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £66,398 (2017 - £154,396).

The directors have recommended not to pay a final dividend for the year ended 31 March 2018.

DIRECTORS

The directors who served during the year were:

Mr R P Hinduja
Ms V Hinduja
Mr P DeSarkar
Mr S Palakodeti
Mr A M Vallance
Mr M Hooper
Mr C Foster

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

FUTURE DEVELOPMENTS

Overall in the coming year the Company will continue to develop the healthcare Business Process Outsourcing market with the aim of winning contracts to expand the European geography further.

The level of profitability in the coming year will be dependent on the level of management services provided in the year, together with the ongoing development of the healthcare marketplace.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

DISCLOSURE OF INFORMATION TO AUDITORS

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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 auditors are aware of that information.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the Company since the year end.

AUDITORS

Under section 487(2) of the Companies Act 2006, Lubbock Fine will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

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Mr M Hooper
Director

Date: 10 May 2018

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

OPINION

We have audited the financial statements of Hinduja Global Solutions Europe Limited (the 'Company') for the year ended 31 March 2018, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, 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 31 March 2018 and of its loss 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

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 auditors' 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.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED (CONTINUED)

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 auditors' 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.

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 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 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 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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.

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 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.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED (CONTINUED)

AUDITORS' 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 auditors' 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Andrew Noton (Senior Statutory Auditor)

for and on behalf of

Lubbock Fine

Chartered Accountants
Statutory Auditors

Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

16 July 2018

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Turnover	4	1,585,311	1,263,480
Administrative expenses		(1,435,380)	(1,218,698)
Operating profit	5	149,931	44,782
Interest payable and expenses	9	(216,329)	(199,178)
Loss for the financial year		<u>(66,398)</u>	<u>(154,396)</u>

There was no other comprehensive income for 2018 (2017:£NIL).

The notes on pages 12 to 21 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	11	12,494,992	12,503,899
Current assets			
Debtors: amounts falling due within one year	12	1,446,188	1,125,590
Cash at bank and in hand	13	213,736	167,463
		<u>1,659,924</u>	<u>1,293,053</u>
Creditors: amounts falling due within one year	14	(103,862)	(611,899)
Net current assets		<u>1,556,062</u>	<u>681,154</u>
Total assets less current liabilities		<u>14,051,054</u>	<u>13,185,053</u>
Creditors: amounts falling due after more than one year	15	(5,624,564)	(5,178,626)
Net assets		<u><u>8,426,490</u></u>	<u><u>8,006,427</u></u>
Capital and reserves			
Called up share capital	16	961,378	961,378
Other reserves	17	9,353,714	8,867,253
Profit and loss account	17	(1,888,602)	(1,822,204)
		<u>8,426,490</u>	<u>8,006,427</u>

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

Mr M Hooper
Director

Date: 10 May 2018

The notes on pages 12 to 21 form part of these financial statements.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital	Other reserves	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2016	961,378	8,867,253	(1,667,808)	8,160,823
Comprehensive income for the year				
Loss for the year	-	-	(154,396)	(154,396)
At 1 April 2017	961,378	8,867,253	(1,822,204)	8,006,427
Comprehensive income for the year				
Loss for the year	-	-	(66,398)	(66,398)
Contributions by and distributions to owners				
Credit on recognition of loan from parent undertaking	-	486,461	-	486,461
At 31 March 2018	961,378	9,353,714	(1,888,602)	8,426,490

The notes on pages 12 to 21 form part of these financial statements.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. LEGAL STATUS

Hinduja Global Solutions Europe Limited is a private company limited by shares and incorporated in England and Wales. Its registered office and principal place of business is 266-270 Gunnersbury Avenue, Chiswick, London, W4 5QB.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 EXEMPTION FROM PREPARING CONSOLIDATED FINANCIAL STATEMENTS

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.3 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 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Hinduja Global Solutions Limited as at 31 March 2018 and these financial statements may be obtained from Hinduja House, 1st Floor, 171 Dr. A.B. Road, Worli, Mumbai 400 018, India.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (continued)

2.4 GOING CONCERN

The company meets its day to day working capital requirements through the support of its ultimate parent undertaking. The directors believe that it is appropriate to prepare the financial statements on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future on the basis of the company's plans and the continued support from its ultimate parent undertaking.

If the company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, provide for further liabilities that might arise and reclassify fixed assets and long term liabilities as current assets and liabilities.

2.5 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 VALUATION OF INVESTMENTS

Investments in subsidiaries and associates are measured at cost less accumulated impairment.

2.7 DEBTORS

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.

2.8 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (continued)

2.9 FINANCIAL INSTRUMENTS

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, 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 the case of an out-right 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 statement of comprehensive income.

2.10 CREDITORS

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.

2.11 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

2. ACCOUNTING POLICIES (continued)

2.12 FINANCE COSTS

Finance costs are charged to the statement of comprehensive income 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 PENSIONS

Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.14 TAXATION

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

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

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

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

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

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and sources of estimation uncertainty are:

Initial measurement of loans from parent undertaking

On initial recognition of the loans from the parent undertaking the company recognises the liability at the present value of the future cash flows discounted at a market rate of interest. The initial measurement is most sensitive to the discount rate used to measure the present value of the cash flows. The company has applied a discount rate of 4% which in the opinion of the directors reflects the market rate of interest that would have been charged on similar debt instruments.

Recoverability of investments

Where there are indicators of impairment of investments the company performs impairment tests based on the a value in use calculation. The value in use calculation is based upon budgets for the year ended 31 March 2019 and plans for the company for the foreseeable future. The recoverable amount is most sensitive to the expected future cash flows and the effect on the growth in such cash flows as it obtains new contracts and incurs the associated costs with setting these up.

4. TURNOVER

The whole of the turnover is attributable to provision of Business Process Management Services including Call Centre Services and Non-voice Business Process Outsourcing Services ("BPO").

All turnover arose within the United Kingdom.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2018 £	2017 £
Exchange differences	15,411	-
Defined contribution pension cost	66,778	33,731
	<u> </u>	<u> </u>

6. AUDITORS' REMUNERATION

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	10,300	13,900
	<u> </u>	<u> </u>

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

7. EMPLOYEES

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

	2018 £	2017 £
Wages and salaries	1,006,521	822,400
Social security costs	133,301	104,549
Cost of defined contribution scheme	66,778	33,731
	<u>1,206,600</u>	<u>960,680</u>

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

	2018 No.	2017 No.
Administrative employees	<u>7</u>	<u>5</u>

8. DIRECTORS' REMUNERATION

	2018 £	2017 £
Directors' emoluments	565,743	635,933
Company contributions to defined contribution pension schemes	42,071	30,400
	<u>607,814</u>	<u>666,333</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £221,750 (2017 - £483,833).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,154 (2017 - £20,000).

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018 £	2017 £
Unwinding of discount on long term loans	<u>216,329</u>	<u>199,178</u>

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

10. TAXATION

	2018 £	2017 £
Current tax on profits for the year	-	-

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £	2017 £
Loss on ordinary activities before tax	(66,398)	(154,396)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(12,616)	(30,879)

EFFECTS OF:

Expenses not deductible for tax purposes	1,692	448
Unwinding of discount on long term loans	41,104	39,836
Other timing differences leading to an increase in taxation	720	66
Unrelieved tax losses carried forward	(30,900)	(9,471)
TOTAL TAX CHARGE FOR THE YEAR	-	-

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

A deferred tax asset of £181,274 (2017 - £208,333) has not been recognised in the accounts as it is uncertain whether the company will make sufficient future profits to utilise this asset.

The asset arises due to losses generated by the company in the current and prior periods which may be offset against future taxable profits.

The UK corporation tax rate reduced to 19% from 1 April 2017. A further reduction in the rate to 17% from 1 April 2020 has been substantively enacted.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £	Investments in associates £	Total £
COST OR VALUATION			
At 1 April 2017	12,503,899	-	12,503,899
Disposals	(8,907)	-	(8,907)
Transfers between classes	(12,488,245)	12,488,245	-
At 31 March 2018	<u>6,747</u>	<u>12,488,245</u>	<u>12,494,992</u>
NET BOOK VALUE			
At 31 March 2018	<u>6,747</u>	<u>12,488,245</u>	<u>12,494,992</u>
At 31 March 2017	<u>12,503,899</u>	<u>-</u>	<u>12,503,899</u>

Refer to note 21 for further details on the subsidiary and associated undertakings.

12. DEBTORS

	2018 £	2017 £
Trade debtors	27,023	24,306
Amounts owed by group undertakings	1,411,160	1,086,916
Other debtors	7,227	20
Prepayments and accrued income	778	14,348
	<u>1,446,188</u>	<u>1,125,590</u>

13. CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash at bank and in hand	<u>213,736</u>	<u>167,463</u>

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

14. CREDITORS: Amounts falling due within one year

	2018	2017
	£	£
Amounts owed to group undertakings	1,800	532,600
Taxation and social security	77,483	68,163
Other creditors	24,579	11,136
	<u>103,862</u>	<u>611,899</u>

15. CREDITORS: Amounts falling due after more than one year

	2018	2017
	£	£
Amounts owed to group undertakings	<u>5,624,564</u>	<u>5,178,626</u>

Included with creditors falling due after more than one year are loans totalling £13,768,652 (2017 - £13,052,582) which have been initially measured at the present value of future cash flows and subsequently carried at amortised cost, in accordance with note 2.9, above. These loans are unsecured, interest free and are repayable in periods of 30 years from the date of the initial drawdown of the loans.

Amounts falling due after more than one year include amounts which are not wholly repayable within 5 years and are repayable other than by installments of £5,624,564 (2017 - £5,178,626).

16. SHARE CAPITAL

	2018	2017
	£	£
Allotted, called up and fully paid		
961,378 Ordinary shares of £1 each	<u>961,378</u>	<u>961,378</u>

17. RESERVES

Other reserves

Reflects credits taken on initial recognition of loans from parent undertakings not at market interest rates in the current and prior periods.

Profit and loss account

Includes all current and prior period retained profits and losses, less dividends paid.

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

18. PENSION COMMITMENTS

The company contributes to the individual pension schemes for certain employees of the company. The schemes operate on a defined contribution money purchase basis and the contributions are charged to the profit and loss account as they arise. The assets of the schemes are held separately from those of the company. The charge for the year was £66,778 (2017 - £33,731). Pension contributions of £6,325 (2017 - £2,533) remained outstanding at the year end.

19. RELATED PARTY TRANSACTIONS

During the year the company charged consultancy fees of £106,863 (2017 - £78,480) to other related parties. A balance of £26,818 (2017 - £nil) was outstanding at the year end.

20. PARENT UNDERTAKINGS AND CONTROLLING PARTY

The company's immediate parent undertaking is HGS International, a company incorporated in Mauritius.

The company's ultimate parent undertaking is Hinduja Global Solutions Limited, a company incorporated in India. Hinduja Global Solutions Limited is also the parent undertaking of the largest and smallest group for which group financial statements are prepared. Copies of Hinduja Global Solutions Limited's consolidated group accounts, which include the results of Hinduja Global Solutions Europe Limited are available from its registered office, Hinduja House, 1st Floor, 171 Dr. A.B. Road, Worli, Mumbai 400 018, India.

21. SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

The following were subsidiary and associated undertakings of the Company. On 26 March 2018 Hinduja Global Solutions UK Limited ceased to be a wholly owned subsidiary of the company and became an associated undertaking.

Name	Class of shares	Holding	Principal activity
Hinduja Global Solutions UK Limited	Ordinary	26 %	The provision of outsourced contract services.
HGS France SARL	Ordinary	100 %	The provision of outsourced contract services.

Name	Registered office
Hinduja Global Solutions UK Limited	266-270 Gunnersbury Avenue, London, W4 5QB.
HGS France SARL	38 Avenue Hoche, 75008 Paris, France

Hinduja Global Solutions UK Limited's loss for the year ended 31 March 2018 was £200,704 (2017 - £1,268,350) and as at 31 March 2018 its aggregate of capital and reserves totalled £41,619,814 (2017 - £1,748,327).

Registered number: 03518451

**HINDUJA GLOBAL SOLUTIONS
EUROPE LIMITED**

DETAILED ACCOUNTS

YEAR ENDED 31 MARCH 2018

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
Turnover	(1,585,311)	(1,263,480)
LESS: OVERHEADS		
Administration expenses	(1,435,380)	(1,218,698)
OPERATING PROFIT	<u>149,931</u>	<u>44,782</u>
Interest payable	(216,329)	(199,178)
LOSS FOR THE YEAR	<u><u>(66,398)</u></u>	<u><u>(154,396)</u></u>

HINDUJA GLOBAL SOLUTIONS EUROPE LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2018

ADMINISTRATION EXPENSES

	2018	2017
	£	£
Directors salaries	561,794	630,600
Directors national insurance	75,632	84,683
Directors pension costs - defined contribution schemes	42,071	30,400
Staff salaries	444,727	191,800
Staff national insurance	57,669	19,866
Staff pension costs - defined contribution schemes	24,707	3,331
Staff welfare	42,116	17,455
Hotels, travel and subsistence	49,560	30,532
Consultancy	89,567	171,569
Telephone and fax	3,199	1,391
Trade subscriptions	833	372
Auditors' remuneration	10,300	13,900
Bank charges	364	482
Difference on foreign exchange	15,411	-
Sundry expenses	8,523	20,578
Insurances	-	1,739
Write off of investment in subsidiary undertakings	8,907	-
	<u>1,435,380</u>	<u>1,218,698</u>

INTEREST PAYABLE

	2018	2017
	£	£
Unwinding of discount on long term loans	<u>216,329</u>	<u>199,178</u>