

COFORGE SF LIMITED
Annual Report and Financial Statements
for the Year Ended 31 March 2023

COFORGE SF Limited
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For the year ended 31 March 2023

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COFORGE SF Limited
Directors and Advisors
For the year ended 31 March 2023

Directors	Mr Sudhir Singh Mr Suman Kumar Konkumalla (Resigned on March 31, 2023) Mr Gautam Samanta
Registered Number	06546088
Registered Office	2 William Street Windsor Berkshire SL4 1BA
Independent Auditor	Anderson Anderson & Brown Audit LLP Kingshill View, Prime Four Business Park Kingswells, Aberdeen AB15 8PU
Banker	HSBC UK Bank plc 2-4 St Ann's Square Manchester M2 7HD Citi Bank N.A. London Citi Group Centre, 33 Canada Square London, UK E14 5LB

COFORGE SF Limited
Strategic Report
For the year ended 31 March 2023

The directors present their strategic report for the year ended 31 March 2023.

Principal activities

The principal activity of Coforge SF Limited ('the Company') is in the provision of software integration, development, and support services of Salesforce, MuleSoft and Big Data platform to the UK and International markets. The company features every aspect of technology planning – from technology consulting, architecture development, bespoke application development, application maintenance and support.

Business review and future developments

The Company is an exclusive partner to Salesforce domain for service delivery in addition to the existing service solutions enabling further growth in digital transformation. The Company is also an exclusive partner for MuleSoft's anytime platform as a strategic connectivity platform for all SaaS integration requirements.

Despite the continued impact of pandemic on retail sector, Coforge SF was able to secure revenue growth (29%) year on year in FY23. The revenue profile of the company is diversified across main domains of banking, financial services, insurance and government sector. The focus of the company is to provide services in application development, maintenance, testing, enterprise solutions, package implementation, application managed services and system integrations primarily on three technology platforms: Salesforce, Mule soft, Big data to the organizations based in UK and rest of the world. The company's practices have unmatched certification levels in industry, thereby engaging highly experienced teams on customers engagements to grow its existing portfolio.

On 28 March 2023, the Board approved the transfer of business of the Company with effect from 01 April 2023 to Coforge U.K Ltd, an affiliate of Coforge Limited (the ultimate holding Company). Subsequent to the year end, the Company entered into a Business Transfer Agreement (BTA) on 01 April 2023 to transfer its Business including all assets, liabilities and contracts to Coforge U.K. Ltd. on a going concern basis and completed the transfer at Net Book Value.

Key performance indicators (KPIs)

Turnover and profit on ordinary activities before taxation as presented in the business review are the key measures considered by the directors which are as follows:

Particulars	GBP'000		Change %
	2023	2022	
Turnover	29,638	23,060	29%
Profit before tax	2,651	3,171	(16%)
Shareholders' funds	7,772	7,452	4%
Employees	73	86	(15%)

The results for the Company show a profit on ordinary activities before taxation of £2.6m (2022: £3.1m) for the year and turnover of £29.6m (2022: £23.0m). The revenue of the Company grew by 29%. However, there is a decline of 16% on profit before tax due to investments in building capability in US and UK geographies for future business of the Company, which is reflected in increase of the administrative expenses by £0.2m in FY23. The Company has net assets of £9.2m (2022: £7.4m).

Dividend

During the reporting period, the company paid an interim dividend to Coforge SF Private Limited £1,500,000 (2022: £1,600,000).

COFORGE SF Limited
Strategic Report (continued)
For the year ended 31 March 2023

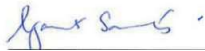
Principal risks and uncertainties facing the company

Competition from national, offshore, and multinational vendors as well as employee retention and the resilience of the UK economy over the next few years are areas that give rise to risks and uncertainty. The Company also recognises the potential risk of a considerable portion of its revenue continuing to emanate from few customers and is striving to expand its customer base to mitigate this. The Company has focused on enhancing client relationship through client partners in key customers accounts and looking forward to cross sale in other business verticals.

The management of the Company also foresee a risk associated with potential changes to the immigration regulations that could impact sourcing skills from outside the UK.

The Russia's invasion of Ukraine in February 2022 has impaired the global trade as both the nations are major commodity producers and disruption there resulted in soaring global prices, especially on crude oil and wheat. The future operations of the company are not impacted by the subjected affair as it does not have significant impact on the IT industry and the Company doesn't have any operations either in Russia or Ukraine.

Approved by the Board and signed on its behalf by:



Gautam Samanta

Director

Date: 15th December 2023

COFORGE SF Limited
Directors' Report
For the year ended 31 March 2023

The directors present their report and the audited financial statements of Coforge SF Limited for the year ended 31 March 2023.

Directors

The directors who served the company throughout the year were as follows:

Mr Sudhir Singh
Mr Suman Kumar Konkumalla (Resigned on March 31, 2023)
Mr Gautam Samanta

Future developments

The Company grew at pace of 29% in revenues in the current year. Company's growth is driven by the continuing demand from the existing clients, as well as from the new clients in the portfolio. As much as we focus on serving our clients, we are committed to safety and wellbeing of our employees. The strategy of Coforge SF Limited is to continue to build a strong differentiation in its offerings by remaining focused in chosen verticals and emerging technologies in data integration, data analytics focusing predominantly in banking, financial and insurance domains.

The external business environment is expected to remain competitive in the UK for 2023-24 as national, offshore and multinational organizations continue to invest and compete for business in the focused vertical.

Research and Development

During the reporting period the company invested in research and development of software systems that look to improve and streamline the data integration and data analytics practices being followed in banking, finance and insurance domain. The company invested in improvement of data analytics consulting services, including best practices, code standardization, problem solving and innovation. The company also invested in Mulesoft center of excellence which works for improving data integration methodologies.

Going concern

In assessing whether the financial statements for the Company should be prepared on the going concern basis, the directors have considered forward looking approach of the industry and the Company in particular. The Directors have factored in future operating profits, cash flows and facilities available.

Management prepared the going concern analysis based on two scenarios: the base and worst case. The Company maintains quarterly forecasts for the next 12 months.

The Company had £1.1 million of cash available on its balance sheet at 31 March 2023. The Company has net current assets and positive shareholder's funds of £9.4 million and £7.7 million, respectively, as at 31 March 2023.

COFORGE SF Limited
Directors' Report (continued)
For the year ended 31 March 2023

Post Statement of Financial Position events

On 28 March 2023, the Board approved the transfer of business of the Company with effect from 01 April 2023 to Coforge U.K Ltd, an affiliate of Coforge Limited (the ultimate holding Company). Subsequent to the year end, the Company entered into a Business Transfer Agreement (BTA) on 01 April 2023 to transfer its Business including all assets, liabilities and contracts to Coforge U.K. Ltd. on a going concern basis and completed the transfer at Net Book Value.

Financial risk management

The Company's operations expose it to a variety of limited financial risks including the effects of changes in interest rates on foreign currency exchange rates, credit risk and liquidity risk. The Company does not use derivative instruments to manage these exposures.

The Company's principal financial instruments comprise sterling bank deposits together with trade receivables and trade payables that arise directly from its operations. The main risks arising from the Company's financial instruments can be analysed as follows:

Price risk

Due to the nature of its business, the Company is not exposed to any major price risks. Due consideration is given for annual salary increases in line with the growth in business in terms of both price and volumes inter dependent on contract negotiations.

Credit risk

The Company's principal financial assets are bank balances and trade receivables, which represent the Company's maximum exposure to credit risk in relation to financial assets. The Company's credit risk is primarily attributable to its trade receivables. This risk is not felt to be significant as the marketplace which it addresses consists of major players in respective fields like retail, hospitality and banking industries. The Company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

The Company has adequate capital to support its working capital requirements. Proactive receivables management results in prompt collections. Management continues to focus on this area.

Foreign exchange risk

A proportion of the Company's trading is conducted in Euros and US Dollars. However, any exposure to foreign exchange risk is in the normal course of business and is deemed to be immaterial.

Interest rate and cash flow risk

The Company's favourable liquidity situation did not warrant any significant borrowing in the current year. Policies in this regard will be in review regularly by the Directors. The Company's proactive collection initiatives ensure that it can meet its commitments.

Qualifying third party indemnity provision

The Company has a Directors and Officers Liability insurance policy. This is in force at the date of the statement of financial position and also at the date of signing of the financial statements.

COFORGE SF Limited
Directors' Report (continued)
For the year ended 31 March 2023

Statement of Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable laws 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 comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS102) and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Disclosure of information to auditor

At the date of approving this report, each of the Company's directors, as set out on page 1, confirm the following:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware;
- 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.

Independent auditors

M/s Ernst & Young LLP, ICAEW Registration Number – C009126168 have ceased to hold office since the company has not re-appointed them as Statutory Auditors for the FY23.

The Board has appointed Anderson Anderson & Brown Audit LLP as Statutory Auditor of the Company for FY23 and onwards unless the Board decides otherwise.

Approved by the Board on and signed on its behalf by:



Gautam Samanta

Director

Date : 15th December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COFORGE SF LIMITED

Opinion

We have audited the financial statements of Coforge SF Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements 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 course of 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 this gives rise to 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 Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Director's report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COFORGE SF LIMITED (CONTINUED)

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 Director's 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; or

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page six, 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 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. 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 within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements.

The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities including fraud to be:

- Management override of controls to manipulate the company's key performance indicators to meet targets;
- Timing of revenue recognition; and
- Compliance with relevant laws and regulations which directly impact the financial statements and those that the company needs to comply with for the purpose of trading.

Our audit procedures to respond to these risks included:

- Testing of journal entries and other adjustments for appropriateness;
- Cut-off testing confirming that revenue recorded immediately before and after the year-end is recorded in the correct period;
- Enquiries of management about litigation and claims and inspection of relevant correspondence; and
- Reviewing legal and professional fees to identify indications of actual or potential litigation, claims and any non compliance with laws and regulations

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COFORGE SF LIMITED
(CONTINUED)**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

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 a Report of the Auditors 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.

Anderson Anderson & Brown Audit LLP

Stuart Rose (Senior Statutory Auditor)
for and on behalf of
Anderson Anderson & Brown Audit LLP
Statutory Auditor

81 George Street
Edinburgh
EH2 3ES

Date: 15th December 2023

COFORGE SF Limited
Statement of Comprehensive Income
For the year ended 31 March 2023

	Notes	2023 £	2022 £
Turnover	3	29,637,728	23,059,679
Cost of Sales		(18,197,362)	(11,672,855)
Gross profit		11,440,366	11,386,824
Administrative Expenses		(8,947,830)	(8,777,881)
Other Operating (expenses) / Income	7	4,122	240,497
Operating Profit	4	2,496,658	2,849,440
Other Non Operating Income	8	43,116	180,771
Other Interest receivable and similar income	9	238,771	218,519
Other Interest payable and similar expense	10	(126,889)	(77,607)
Profit on ordinary activities before taxation		2,651,656	3,171,123
Tax on profit on ordinary activities	11	(636,048)	(598,747)
Profit for the financial year		2,015,608	2,572,376
Total Comprehensive Income for Reporting Period		2,015,608	2,572,376

COFORGE SF Limited
Statement of Financial Position
As at 31 March 2023

Registered Number
06546088

	Notes	2023 £	2022 £
Fixed assets			
Tangible fixed assets	12	47,425	57,730
		47,425	57,730
Current assets			
Debtors: amounts falling due within one year	13	6,639,366	9,294,166
Debtors: amount falling due after more than one year	14	6,580,920	4,707,580
Cash at bank and in hand	15	1,121,806	2,627,679
		14,342,092	16,629,425
Creditors: amount falling due within one year	16	(4,904,393)	(8,859,517)
		9,437,699	7,769,908
Net current assets			
		9,437,699	7,769,908
Total assets less current liabilities			
		9,485,124	7,827,638
Creditors: amount falling due after more than one year	17	(1,712,781)	(375,775)
Net assets		7,772,343	7,451,863
Capital and reserves			
Called up share capital	19	100	100
Other reserves	20	-	195,128
Profit and loss account		7,772,243	7,256,635
Shareholders funds		7,772,343	7,451,863

The financial statements were approved and authorized for issue by the board and were signed on its behalf on 15th December 2023.

The notes on pages 13 to 27 form part of the financial statements.



Gautam Samanta
Director

Date : 15th December 2023

COFORGE SF Limited
Statement of Changes in Equity
For the year ended 31 March 2023

	Share Capital	Other Reserves	Retained Earnings	Total
	£	£	£	£
At 1 April 2021	100	82,189	6,284,259	6,366,548
Total Comprehensive Income	-	-	2,572,376	2,572,376
Share-based capital reserve	-	112,939	-	112,939
Dividends paid during the year			(1,600,000)	(1,600,000)
As at 31 March 2022	100	195,128	7,256,635	7,451,863
	£	£	£	£
At 1 April 2022	100	195,128	7,256,635	7,451,863
Total Comprehensive Income	-	-	2,015,608	2,015,608
Share-based capital reserve	-	(195,128)	-	(195,128)
Dividends paid during the year		-	(1,500,000)	(1,500,000)
At 31 March 2023	100	-	7,772,243	7,742,343

COFORGE SF Limited
Notes to the Financial Statements
For the year ended 31 March 2023

1. General Information

Coforge SF Limited is a private company, limited by shares, incorporated in the UK and registered in England and Wales, registration number 06546088, registration address 2 William Street, Windsor, Berkshire, SL4 1BA.

The company was formerly known as WHISHWORKS Limited. The company changed its name from WHISHWORKS Limited to Coforge SF Limited effective from 21st December 2021.

The principal activity of the company is the provision of software integration, development, and support services of Salesforce, MuleSoft and Big Data platform to the UK and International markets.

Coforge SF Limited is the wholly owned subsidiary of Coforge SF Private Limited (registered in India). The ultimate parent company and controlling party is Coforge Limited, registered in India.

2. Accounting Policies and Statement of Compliance

Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in compliance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102') and the Companies Act 2006 for the year ended 31 March 2023.

The financial statements have been prepared on a going concern basis under the historical cost convention unless otherwise specified within this accounting policies.

The financial statements have been prepared in British Pounds, which is the company's functional currency and rounded to the nearest pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. Accounting estimates have been used in the valuation of the employee stock options granted under Employee Stock Options Plan 2016 using the Black Scholes Options Pricing Model.

Going concern basis

In assessing whether the financial statements for the Company should be prepared on the going concern basis, the directors have considered forward looking approach of the industry and the Company in particular. The Directors have factored in future operating profits, cash flows and facilities available.

The Company had £1.1 million of cash available on its balance sheet at 31 March 2023. The Company has net current assets and positive shareholder's funds of £9.4 million and £7.9 million, respectively, as at 31 March 2023.

On 28 March 2023, the Board approved the transfer of business of the Company with effect from 01 April 2023 to Coforge U.K Ltd, an affiliate of Coforge Limited (the ultimate holding Company). Subsequent to the year end, the Company entered into a Business Transfer Agreement (BTA) on 01 April 2023 to transfer its Business including all assets, liabilities and contracts to Coforge U.K. Ltd. on a going concern basis and completed the transfer at Net Book Value.

The Company does not use any loan facilities and did not include any external funding in the forecast as a result. The dividends payments are only made when the Company has sufficient distributable reserves.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

2. Accounting Policies and Statement of compliance (continued)

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

For any contract, revenue is recognized only when a signed contract exists, and the collection of the associated receivable is considered probable.

Revenue from a contract to provide services is recognized 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.

Revenue recognition criteria for different revenue streams is as follows:

License - revenue is recognized on the margin earned from the sale of license to the customer. Revenue is recognized when there is a right to consideration, when delivery to the customer has occurred and there are no significant vendor obligations remaining.

- Managed services - revenue is recognized over the period of implementation of the solution. Input method i.e. cost based percentage completion method is used for calculation of the value to be recognized. Support or maintenance related portion of the managed services revenue would be spread over the period of contract or until such services are to be rendered.
- Long term maintenance contracts - revenue is recognised in equal instalments over the period of the contract.
- Time and material contracts - revenue is recognised on basis of billable efforts.
- Other income - all the recharges to customers in addition to the services rendered.

Deferred revenue

Fees for services received in advance are recorded as a liability within deferred revenue and these amounts are amortised to the income statement over the life of the contract which is in line with the provision of the services.

Dividends

Revenue is recognised when the Company's right to receive payment is established.

Interest income

Interest income is recognised as the interest accrues at the effective interest rate to the net carrying amount of the financial asset.

Operating lease rentals

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into British Pounds at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All foreign exchange differences are included to the income statement.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

2. Accounting Policies and Statement of compliance (continued)

Share based payments

The immediate parent company, Coforge SF Private Limited (India) and the 100% holding company of the immediate parent company, Coforge Limited (India) have introduced employee stock option plans. Certain employees of the Company are awarded options over the own shares of Coforge SF Private Limited (India) and Coforge Limited (India).

In accordance with FRS 102, the fair value of these options using the Black-Scholes model is recognized as an expense, with a corresponding increase in other reserves. The total amount to be expensed over the vesting period is determined by reference to the fair market value of the options granted. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest and recognizes the impact of the revision to original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

In the event when the options are granted with an exercise price lower than the prevailing market price at grant date, and when Coforge SF Private Limited (India) and Coforge Limited (India) makes a recharge to the Company in respect of share options granted to the Company's employees, these inter-company charges are offset in other reserves against the relevant capital contribution. This capital contribution does not represent any actual cash investment by Coforge SF Private Limited (India) and Coforge Limited (India) in Coforge SF Limited and has been accounted solely for the purpose of reporting in accordance with FRS 102.

Current and deferred taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

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 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.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

2. Accounting Policies and Statement of compliance (continued)

Financial instruments (continued)

Financial assets that are measured at cost and amortized 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 recognized in the income statement.

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

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

Financial assets and liabilities are off set and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

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.

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.

Creditors

Short term trade 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 amortized cost using the effective interest method.

Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

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 recognized as an expense in the income statement when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

2. Accounting Policies and Statement of compliance (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected economic useful lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating profit. The principal expected useful lives used are as follows:

Motor Vehicles	Straight line over 5 years
Computer Equipment	Straight line over 2 - 5 years
Office Equipment	Straight line over 5 years

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Leases

Rentals payable under operating leases are charged to profit or loss on a straight term of the leases.

Foreign currency

The company's functional and presentational currency is GBP. Transactions denominated in foreign currencies are translated into sterling at the exchange rate prevailing on the first working day of the month. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. Exchange gains and losses are taken to the statement of comprehensive income in the year in which they arise.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

2. Accounting Policies and Statement of compliance (continued)

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) in respect of reconciliation of the number of shares outstanding at the beginning and end of the period;
- the requirements of Section 7 Statement of Cash Flows in respect of preparation of statement of cash flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d) in respect of presentation of statement of cash flows in the financial statements;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7 in respect of the non-disclosure of key management personnel compensation in total.

The Company is a wholly owned subsidiary of a group headed by Coforge Limited, India. Coforge Limited, India prepares consolidated financial statements and copies can be obtained from 8 Balaji Estate, Third Floor, Guru Ravidas Marg, Kalkaji, New Delhi – 110019, India. Full consolidated financials can also be obtained for Coforge Limited, India, from that Company's website at the following address <https://www.coforgetech.com/investors/financial-reports>.

3. Turnover

	2023	2022
	£	£
Sales	29,637,728	23,059,679
	29,637,728	23,059,679

The turnover of the Company has been derived from its principal activity, for which a geographical analysis by destination is given below. The Company has only one main class of business, relating to sale of software products and services:

	2023	2022
	£	£
Within UK	21,065,849	17,200,176
Europe	1,862,961	1,711,582
Rest of the World	6,708,918	4,147,921
	29,637,728	23,059,679

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

4. Operating Profit

The Operating profit is stated after charging:

	2023	2022
	£	£
Operating leases expense	93,599	106,062
Depreciation Charge: Plant & Machinery	28,029	26,595
Exchange difference	(4,122)	89,633
Defined contribution pension cost	135,039	107,644
Bad Debts	-	40,817

5. Auditors Remuneration

	2023	2022
	£	£
The audit of the company pursuant to legislation	21,000	42,150
	21,000	42,150

6. Staff Costs

	2023	2022
	£	£
Wages and salaries	6,487,979	6,732,768
Employer's PAYE & NI Contributions	728,573	711,937
Pension costs, defined contribution plan	135,039	107,644
Costs Associated with Share Based Payments	220,244	112,939
Other Staff Related Expenses	174,967	163,536
	7,746,802	7,828,824

Average number of employees during the year

	Number	Number
	2023	2022
Software Development Staff	58	67
Administrative Staff	3	5
Sales and Marketing Staff	12	14
	73	86

Pension costs

The Company operates a Defined Contribution Pension Scheme with NEST pension. The pension cost charge represents contributions payable by the company to the NEST Pension Scheme and amounts to £135,039 (2022: £107,644).

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

6. Staff Costs (continued)

Directors emoluments	2023	2022
	£	£
Gross Salary	650,000	375,000
Employer national insurance contributions	248,895	50,530
Aggregate remuneration	<u>898,895</u>	<u>425,530</u>

The above remuneration relates to 1 director (2022: 1). Post-employment benefits under a defined contribution pension scheme aggregating to £Nil (2022: £Nil) was paid to 1 director (2022: 1).

The management of the Company considered it to be impracticable to identify and estimate the directors' emoluments of the other two directors for their qualifying services to the Company. The directors are employees of other group companies and are remunerated by one of those companies and did not receive remuneration for their services as directors of the Company. As a result, this is not included in the directors' emoluments disclosure above.

7. Other operating income/(expenses)

	2023	2022
	£	£
Other Income	-	330,130
Exchange difference loss, net	4,122	(89,633)
	<u>4,122</u>	<u>240,497</u>

The other income of £330,130 in the previous financial year is a release of liability with respect to advances from a customer.

8. Other non-operating income

	2023	2022
	£	£
Other Non-Operating Income	43,116	180,771
	<u>43,116</u>	<u>180,771</u>

Other non-operating income includes £44,972 (2022: £153,327) pertaining to research and development expenditure credit (RDEC) for FY19 to FY 2022.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

8. Other non-operating income (continued)

The Company has claimed RDEC as per the guidelines prescribed by HMRC on an accrual basis in the statement of comprehensive income. Management is confident that the claims will be successful.

9. Other Interest and similar income

	2023	2022
	£	£
Interest and other income	59,399	81,573
Finance income	179,372	136,946
	238,771	218,519
	238,771	218,519

Interest income of £59,399 (2022: 81,173) relates to the loans receivable from affiliates.
 Finance income is computed by discounting the receivables with respect to managed service deals.

10. Other Interest and similar expense

	2023	2022
	£	£
Finance Cost	126,889	77,607
	126,889	77,607
	126,889	77,607

Finance cost is computed by discounting the liabilities incurred with respect to managed service deals.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

11. Tax on profit on Ordinary activities

	2023	2022
	£	£
UK corporation tax		
Current Year	505,255	597,463
Prior Year	128,597	-
Total current tax charge	633,852	597,463
Deferred Tax		
Origination and reversal of timing differences	2,196	1,284
Total deferred tax	2,196	1,284
Tax charge on profit on ordinary activities	636,048	598,747
Factors affecting tax charge for the year	2023	2022
	£	£
Profit on ordinary activities before tax	2,651,656	3,171,124
Profit on ordinary activities at the standard rate of UK corporation tax 19% (2022: 19%)	503,815	602,514
Expenses not deductible for tax purposes	1,440	(3,767)
Effect of change in tax rate for deferred tax purposes	2,196	-
Adjustments in respect of prior years	128,597	-
Tax charge for the year	636,048	598,747
	2023	2022
	£	£
Accelerated capital allowances	13,165	10,969
Deferred tax (liability)/asset	13,165	10,969
	2023	2022
	£	£
Deferred tax asset as at 1 April	10,969	9,685
Deferred tax charge/(credit) to profit for the period	2,196	1,284
Deferred tax (liability)/asset as at 31 March	13,165	10,969

In the Budget 2020 delivered on 11 March 2020, the government announced that the UK corporation tax rate for the years starting April 2020 and 2021 will remain at 19%. The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Deferred tax has been recognized based on the enacted rate of 25%.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

12. Tangible Assets

Cost or Valuation	Plant & Machinery	Total
	£	£
At 01 April 2022	178,836	178,836
Additions	17,825	17,825
Disposals	-	-
At 31 March 2023	196,661	196,661
Depreciation		
At 01 April 2022	121,106	121,106
<u>Charge for year</u>		
Owned asset	28,029	28,029
On disposals	-	-
At 31 March 2023	149,135	149,135
Net book Values		
At 31 March 2023	47,425	47,425
At 31 March 2022	57,730	57,730

13. Debtors: amounts falling due within one year

	2023	2022
	£	£
Trade debtors	3,296,981	4,042,296
Amounts owed by related parties	393,902	486,012
Prepayments and accrued income	552,540	731,947
Other debtors	2,395,943	4,033,911
	6,639,367	9,294,166

Trade debtors and unbilled revenue are net of allowance for doubtful accounts amounting to £97,750 (2022: £ 138,653).

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

13. Debtors: amounts falling due within one year (continued)

The following table illustrates movement of allowance for doubtful accounts.

Allowance for Doubtful Accounts	2023	2022
	£	£
Opening Balance as on 1st April 2022	138,653	97,837
Allowance for Doubtful Accounts - Provided	543	59,449
Allowance for Doubtful Accounts - Written Back	(41,446)	(18,633)
Closing Balance as on 31st March 2023	<u>97,750</u>	<u>138,653</u>

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

	2023	2022
	£	£
Unbilled Revenue Receivable	<u>6,580,920</u>	<u>4,707,580</u>
	<u>6,580,920</u>	<u>4,707,580</u>

With respect to managed service deals, amounts receivable from license deals falling after one year from the reporting period are grouped under unbilled revenue receivable.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

15. Cash at bank and in hand

	2023	2022
	£	£
Cash in hand	-	2,457
Cash at bank	1,121,806	2,625,223
	<u>1,121,806</u>	<u>2,627,679</u>

16. Creditors: amount falling due within one year

	2023	2022
	£	£
Trade creditors	559,560	548,993
Amounts owed to group undertakings	363,161	2,610,820
Amounts owed to related parties	-	176,864
Corporation tax	516,170	815,493
Deferred tax	13,165	10,969
PAYE & social security	196,934	96,485
Accrued expenses	2,073,774	3,282,838
Deferred income	796,131	801,852
Other creditors	-	3,186
VAT	385,498	512,017
	<u>4,904,393</u>	<u>8,859,517</u>

17. Creditors: amount falling due after more than one year

	2023	2022
	£	£
Accrued expenses	1,712,781	375,775
	<u>1,712,781</u>	<u>375,775</u>

With respect to managed service deals, amounts payable for license deals falling after one year from the reporting period grouped under accrued expenses.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

18. Obligations under leases and hire purchase contracts – operating leases

The Company uses operating leases for the office building. The total of future minimum lease payments under non-cancellable operating leases for each of the following periods are:

	2023	2022
	£	£
Not later than one year	111,586	37,944
Later than one year and not later than five years	-	-
	<u>111,586</u>	<u>37,944</u>

19. Share Capital – Authorized and Allotted

	2023	2022
	£	£
100 Class A Shares of £ 1.00 each	100	100
	<u>100</u>	<u>100</u>

20. Other Reserves

Employee stock option plans (ESOPs)

The Company's employees are granted ESOPs from ESOPs programmes as follow:

- Coforge Limited (India) which is the 100% holding company of the immediate parent company, operates an Employee Stock Option Plan (ESOP 2005). The remuneration committee of Coforge Limited (India) can grant options over its own shares to employees of the group. Options are granted with a fixed exercise price. Awards under the ESOP are generally reserved for employees at senior management level and above. During the current financial year, Coforge Limited (India) granted 13,669 shares to employees of the Company which have been exercised during the year.

COFORGE SF Limited
Notes to the Financial Statements (continued)
For the year ended 31 March 2023

20. Other Reserves (continued)

A reconciliation of option movements over the year to 31 March 2023 is shown below:

	2023	2023	2022	2022
	Number	Weighted average exercise price INR	Number	Weighted average exercise price INR
Outstanding at 1 April	15,000	30	4,978	30
Granted	13,669	10	15,000	-
Lapsed				
Exercised	28,669	10	(4,978)	30
Outstanding at 31 March	-	-	15,000	30
Exercisable at 31 March	-	-	-	-

21. Related party transactions

The Company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with group companies on the grounds that it is a subsidiary and consolidated financial statement are prepared by the ultimate parent company, Coforge Limited, India. The consolidated financial statements published by the parent company are publicly available. There are no related parties' transactions other than those within the Coforge Group.

22. Reclassification:

S. No.	Description	Financial statement Caption	Amount
1	Classified in Previous Year	Retained Earnings	195,128
2	Reclassification in Current Year	Creditors - Amounts owed to group undertakings	195,128

Liability relating to shared based payments has been reinstated to share based liability from statement of changes in equity which was considered as equity contribution in the earlier years.

23. Post Statement of Financial Position Events

On 28 March 2023, the Board approved the transfer of business of the Company with effect from 01 April 2023 to Coforge U.K Ltd, an affiliate of Coforge Limited (the ultimate holding Company). Subsequent to the year end, the Company entered into a Business Transfer Agreement (BTA) on 01 April 2023 to transfer its Business including all assets, liabilities and contracts to Coforge U.K. Ltd. on a going concern basis and completed the transfer at Net Book Value.

24. Ultimate holding company and controlling party

Coforge SF Private Limited, which is incorporated and registered in India, is the immediate parent company. The ultimate parent company and controlling party is Coforge Limited, India a company registered in India, which is the parent of the smallest and largest group to consolidate these financial statements. Coforge Limited, India prepares consolidated financial statements and copies can be obtained from 8 Balaji Estate, third floor, Guru Ravidas Marg, Kalkaji, New Delhi - 110019, India or from the company's website, as follows - <https://www.coforgetech.com/investors>.