

Registered Number: 2503575

NIIT Insurance Technologies Limited

Annual Report and Financial Statements
For the year ended 31 March 2017

NIIT Insurance Technologies Limited

Annual Report and Financial Statements for the year ended 31 March 2017

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NIIT Insurance Technologies Limited

Directors and Advisors

Directors

Arunbir Singh Soin

Company secretary

Abogado Nominees Limited

Registered office

100 New Bridge Street
London
EC4V 6JA

Registered number

2503575

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Bankers

Natwest Bank
Reading Market Place
13 Market Place
Reading Berks
RG1 2EG

Business address

2nd Floor
47 Mark Lane
London
EC3R 7QQ

NIIT Insurance Technologies Limited

Strategic report for the year ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

Principal activities

The principal activity of the Company is the provision of software and services to the London and International Insurance Markets.

Business review and future developments

The results for the Company show a profit on ordinary activities before taxation of £2.6m (2016: £4.5m) for the year and turnover of £17.1m (31 March 2016: £18.7m), hence delivering a decline of 42.2% on profit before tax and 8.6% on turnover. The Company has net assets of £6.2m (2016: £4.2m).

Whilst there continues to be strong demand for our exposure management software, market conditions in London have made the business case to move to our Navigator software more challenging than expected. However, the consolidation in the market and its focus on cost and driving efficiencies, has presented us with new opportunities within our existing customer base. As a result, as we start FY 2017-18, we are already beginning to see the pipeline build. We are also seeing increasing demand in Europe for both our exposure management and Navigator software and won our first European contract in Q4 2016-17 with another expected in the Q1 2017-18. With our investment in new digital offerings aligned to customer digital strategies, we expect to create new, sustainable revenue streams and return to growth this year. Entering the US market with existing products and our new digital offerings continues to be part of our strategy with the expectation of positive impact on revenue from the region during FY 2018-19.

The directors do not recommend payment of a dividend (2016: £3.0m).

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. Turnover and profit on ordinary activities before taxation as presented in the business review are the key measures considered by the directors.

Principal risks and uncertainties facing the Company

The Company is mindful of continuing soft market conditions, market consolidation and the potential impact of disruptive digital technologies that could lead to changes in market dynamics. The Company needs to be agile and aligned to digital initiatives and market changes to ensure it can support customers' digital ambitions.

The impact of Brexit on the insurance industry is uncertain. Given the nature of our business, Management does not foresee any specific risk to the Company at this stage.

On behalf of the Board

Arunbir Singh Soin
Director
22 May 2017

NIIT Insurance Technologies Limited

Directors' Report for the year ended 31 March 2017

The directors present their report and the audited financial statements of NIIT Insurance Technologies Limited ('the Company') for the year ended 31 March 2017.

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 market place which it addresses consists of blue chip insurance companies and Lloyd's Syndicates.

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 continue 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.

NIIT Insurance Technologies Limited

Directors' Report for the year ended 31 March 2017 (continued)

Research and development

During the reporting period, the predominant focus of the Company's technology teams has been to enhance the Company's core software. This has enabled new capabilities to be realised, such as better performance, improved flexibility and integration capabilities against a wider range of potential client interfaces, and improved scalability through the implementation of a service-oriented architecture.

The Company's flagship software suite "+ADVANTAGEsuite" provides ready-to-deploy commercial insurance solutions for policy administration, claims management, reinsurance and exposure management. The product suite includes:

- Navigator – provides sophisticated capabilities for underwriting, policy administration and claims management;
- Exact - an enterprise-wide exposure management system that allows insurers the ability to quickly and easily visualise and manage risk exposure across all lines of business; and
- Acumen – an analytics engine and data management system that works across the entire suite of the Company's products.

The Company continues to invest in research and development by creating new and enhanced products to help improve business efficiency and forecasting for the insurance market.

Directors

The current directors of the Company are set out on page 1. All of the directors serving during the year and up to the date of signing the financial statements are listed below:

Arvind Thakur (Resigned: 1 June 2016)
Rajendra S Pawar (Resigned: 1 June 2016)
Arvind Mehrotra (Resigned: 1 June 2016)
Amit Sharma (Resigned: 1 June 2016)
Arunbir Singh Soin (Appointed: 1 June 2016)
Sudhir Chaturvedi (Appointed: 1 June 2016; Resigned: 9 September 2016)

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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' (FRS 102), and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 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.

NIIT Insurance Technologies Limited

Directors' Report for the year ended 31 March 2017 (continued)

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 auditors

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 the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

During the year, the Company's ultimate parent undertaking ran a group-wide audit tender process and decided to replace the incumbent auditors, PricewaterhouseCoopers LLP, with Ernst & Young LLP. A resolution to appoint Ernst & Young LLP will be proposed at a future board meeting of the Company.

Post Statement of Financial Position Events

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

Approved on behalf of the Board of Directors

Arunbir Singh Soin
Director
22 May 2017

NIIT Insurance Technologies Limited

Independent Auditors' Report to the Members of NIIT Insurance Technologies Limited

Report on the financial statements

Our opinion

In our opinion, NIIT Insurance Technologies Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 March 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

NIIT Insurance Technologies Limited

Independent Auditors' Report to the Members of NIIT Insurance Technologies Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

NIIT Insurance Technologies Limited

Independent Auditors' Report to the Members of NIIT Insurance Technologies Limited (continued)

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Kevin McGhee (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
22 May 2017

NIIT Insurance Technologies Limited

Statement of Comprehensive Income for the year ended 31 March 2017

	Note	2017		2016	
		£	INR	£	INR
Turnover	4	1,70,69,642	1,50,89,25,201	1,87,39,011	1,84,24,00,823
Cost of sales		-2,32,946	-2,05,92,001	-3,24,725	-3,19,26,637
Gross profit		1,68,36,696	1,48,83,33,199	1,84,14,286	1,81,04,74,185
Administrative expenses		-1,42,62,739	-1,26,08,00,098	-1,38,76,041	-1,36,42,78,475
Operating profit	5.9	25,73,957	22,75,33,101	45,38,245	44,61,95,710
Interest receivable and similar income	6	4,643	4,10,433	6,211	6,10,659
Profit on ordinary activities before taxation	7	25,78,600	22,79,43,534	45,44,456	44,68,06,369
Tax on profit on ordinary activities	7	-5,32,609	-4,70,81,664	-11,61,427	-11,41,90,341
Profit for the financial year	19	20,45,991	18,08,61,870	33,83,029	33,26,16,028
Total comprehensive income for the reporting period	19	20,45,991	18,08,61,870	33,83,029	33,26,16,028

NIIT Insurance Technologies Limited

Statement of Financial Position as at 31 March 2017

	Note	2017		2016	
		£	INR	£	INR
Fixed assets					
Intangible assets	12	46,66,850	37,93,90,637	41,50,190	39,49,40,381
Tangible assets	13	1,00,426	81,64,112	2,95,759	2,81,45,018
		47,67,276	38,75,54,749	44,45,949	42,30,85,399
Current assets					
Receivables	14	53,89,829	43,81,65,071	46,64,874	44,39,18,740
Cash		31,86,606	25,90,54,497	4,71,215	4,48,41,762
Total assets		85,76,435	69,72,19,568	51,36,089	48,87,60,501
Payables: amounts falling due within one year	15	-66,56,830	-54,11,65,663	-51,27,424	-48,79,35,923
Net current assets / (liabilities)		19,19,605	15,60,53,905	8,665	8,24,579
Total assets less current liabilities		66,86,881	54,36,08,654	44,54,614	42,39,09,977
Payables: amounts falling due after more than one year	16	-1,71,240	-1,39,20,922	-	-
Provision for other liabilities	17	-315,711	-25,665,663	-300,675	-28,612,834
Net assets		61,99,930	50,40,22,069	41,53,939	39,52,97,143
Equity					
Called up share capital	18	12,557	10,20,819	12,557	11,94,949
Share premium account		17,49,257	14,22,05,498	17,49,257	16,64,62,795
Profit and loss account		44,38,116	36,07,95,753	23,92,125	22,76,39,399
Total shareholder's funds		61,99,930	50,40,22,069	41,53,939	39,52,97,143

The financial statements on pages 9 to 24 were approved by the Board on 22 May 2017 and signed on its behalf by:

Arunbir Singh Soin

Director

Registered Number: **2503575**

NIIT Insurance Technologies Limited

Statement of Changes in Equity as at 31 March 2017

	Share Capital	Share Premium	Retained Earnings	Total Equity	Share Capital	Share Premium	Retained Earnings	Total Equity
	£	£	£	£	INR	INR	INR	INR
At 1 April 2015	12,557	1,749,257	2,009,096	3,770,910	1,162,103	161,887,088	185,934,200	348,983,391
Total comprehensive income for the year	-	-	3,383,029	3,383,029	-	-	332,616,028	332,616,028
Dividends paid during the year	-	-	-3,000,000	3,000,000	-	-	-294,957,000	294,957,000
Currency Translation reserve	-	-	-	-	32,847	4,575,706	4,046,171	8,654,724
At 31 March 2016	12,557	1,749,257	2,392,125	4,153,939	1,194,949	166,462,795	227,639,399	395,297,143
At 1 April 2016	12,557	1,749,257	2,392,125	4,153,939	1,194,949	166,462,795	227,639,399	395,297,143
Total comprehensive income for the year	-	-	2,045,991	2,045,991	-	-	180,861,870	180,861,870
Dividends paid during the year	-	-	-	-	-	-	-	-
Currency Translation reserve	-	-	-	-	-174,130	-24,257,297	-47,705,517	-72,136,944
At 31 March 2017	12,557	1,749,257	4,438,116	6,199,930	1,020,819	142,205,498	360,795,753	504,022,069

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017

1 General information

NIIT Insurance Technologies Limited ('the Company') is a wholly owned subsidiary of NIIT Technologies Limited, UK. The ultimate parent company and controlling party is NIIT Technologies Limited, India, a Company registered in India. The principal activity of the Company is the provision of software and services to the London and International Insurance Markets.

The Company is a private company limited by shares and is incorporated in England and Wales under registration number 2503575. The address of its registered office is 100 New Bridge Street, London, EC4V 6JA.

2 Statement of compliance

The financial statements of the Company have been prepared in compliance with 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.

3 Accounting policies

Basis of accounting

The financial statements are prepared on a going concern basis under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently with the prior year, are set out below.

There were no critical accounting estimates used in the preparation of financial statements in compliance with FRS 102.

Turnover

Turnover represents sales to customers, net of value added tax. Turnover is derived from the company's principal activity. All turnovers relates to business activities in the United Kingdom.

Recognition of turnover

Revenue may be recognised in respect of a contract, which is defined herein to be either a single contract taken as a whole or an unbundled part of a contract. However an unbundled part may be considered only if the contractual obligations for completion of it can be met without any material dependency on other components of the bundled contract.

Some contracts are determined at the outset to be short term in nature. These generally relate to short studies, the supply of professional services on a time and materials basis, or the supply of products that are sold in a standard form without any material modification. All other contracts are deemed to be long-term contracts.

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

For a short term contract, revenue is recognised when there is a right to consideration, when delivery to the customer has occurred and there are no significant vendor obligations remaining.

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

3 Accounting policies (continued)

For long term maintenance contracts, revenue is recognised in equal instalments over the period of the contract.

For all other long term contracts revenue is recognised on a 'percentage of completion' basis at the statement of financial position date, with 'percentage completion' being measured by the costs to date as a percentage of the estimated costs to completion. Any loss on a contract is recognised in full as soon as a loss is foreseen by reference to the estimated cost to completion.

The amount by which turnover exceeds payments on account is shown under receivables as amounts recoverable on contracts.

The amount by which billings are made in advance, and revenue taken subsequently in line with other accounting policies is shown under payables as deferred income.

Development costs (Intangible assets)

Development costs are stated at cost less amortisation and any provision for impairment.

Costs incurred during the development period of new software products, which substantially improve those products already offered by the company, are treated as development costs. These costs are capitalised and amortised over the life of the product. Costs that are capitalised comprise directly attributable incremental costs incurred during the development period, including wages and salaries of staff employed solely for the purpose of developing the new product, and third party costs.

Amortisation of the development costs occurs on a straight line basis over five years. Impairment reviews are performed annually to ensure the present value of estimated future income streams from the associated products exceeds the capitalised cost.

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 annual rates used are as follows:

Furniture and equipment	- 20%
Plant and machinery	- 33%

Leases

Rentals payable under operating leases are charged to profit or loss on a straight line basis over the full terms of the leases.

The Company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 and continues to credit such lease incentives to the statement of comprehensive income over the respective lease periods.

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

3 Accounting policies (continued)

Current and deferred taxation

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

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 statement of financial position 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 statement of financial position date, except that:

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

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

Pensions

Pension contributions to the defined contribution NIIT Insurance Technologies Limited Group Personal Pension Scheme are charged to the statement of comprehensive income in the period in which contributions are incurred. Assets of the scheme are held separately from those of the company in an independently administered fund.

Foreign currency

The company's functional and presentational currency is GBP.

Foreign currency transactions during the year are converted into sterling using the rate at the beginning of the month in which they occur. At the year-end monetary assets and liabilities in foreign currency amounts have been converted at the exchange rate on the statement of financial position date. All foreign exchange differences are taken to the statement of comprehensive income in the period in which they arise.

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

3 Accounting policies (continued)

Financial instruments

Financial assets:

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price. The same 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.

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.

At the end of each reporting period financial assets are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income. Such assets are subsequently carried at fair value and the changes in fair value are recognised in statement of comprehensive income.

Financial liabilities:

Basic financial liabilities, including trade and other payables are initially recognised at transaction price. The same 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.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

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 recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

3 Accounting policies (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 NIIT Technologies Limited, India. NIIT Technologies Limited, India prepares consolidated financial statements and copies can be obtained from 8 Balaji Estate, First Floor, Guru Ravidas Marg, Kalkaji, New Delhi – 110019, India. Full consolidated financials can also be obtained for NIIT Technologies Limited, India, from that Company's website at the following address, <http://www.niit-tech.com/investors/financial-reports>

4 Turnover

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.

Geographical area	By Origin				By Destination			
	2017	2016	2017	2016	2017	2016	2017	2016
	£	£	INR	INR	£	£	INR	INR
UK	1,70,69,642	1,87,39,011	1,50,89,25,201	1,84,24,00,823	1,58,61,010	1,53,99,438	1,40,20,84,338	1,51,40,57,345
Europe	-	-	-	-	5,37,892	3,68,132	4,75,48,671	3,61,94,370
Rest of the World	-	-	-	-	6,70,740	29,71,441	5,92,92,192	29,21,49,108
	1,70,69,642	1,87,39,011	1,50,89,25,201	1,84,24,00,823	1,70,69,642	1,87,39,011	1,50,89,25,201	1,84,24,00,823

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

5 Operating profit

Operating profit is arrived at after charging/(crediting)

	31st March,2017		31st March,2016	
	£	INR	£	INR
Fees payable to company auditors for :				
The audit of the company pursuant to legislation	32,010	28,29,626	32,010	31,47,191
Tax services	8,990	7,94,700	8,890	8,74,056
Other services	6,600	5,83,428	4,300	4,22,772
Depreciation and amortisation:				
Owned tangible fixed assets	2,31,504	2,04,64,531	3,72,007	3,65,75,356
Research and development	5,02,261	4,43,98,956	5,02,261	4,93,81,799
Rentals under operating leases:				
Plant and machinery	5,25,570	4,64,59,429	3,24,576	3,19,11,988
Loss on disposal of fixed assets	17,877	15,80,294	17,702	17,40,443
Foreign exchange loss	11,581	10,23,739	3,789	3,72,531

6 Interest receivable and similar income

	31st March,2017		31st March,2016	
	£	INR	£	INR
Bank interest	4,643	4,10,433	6,211	6,10,659
	4,643	4,10,433	6,211	6,10,659

NIIT Insurance Technologies Limited

7 Tax charge on profit on ordinary activities

	31st March,2017		31st March,2016	
	£	INR	£	INR
Current tax:				
UK Corporation tax at 20% (2016: 20%)	5,92,162	5,23,46,040	10,20,065	10,02,91,771
Adjustments in respect of prior years	18,603	16,44,471	-	-
Total current tax charge	6,10,765	5,39,90,511	10,20,065	10,02,91,771
Deferred tax:				
Origination and reversal of timing differences	-71,336	-63,05,972	-96,563	-94,93,978
Adjustments in respect of prior years	-12,787	-11,30,347	2,40,964	2,36,91,340
Effect of changes in tax rates	5,967	5,27,472	-3,039	-2,98,791
Total deferred tax	-78,156	-69,08,848	1,41,362	1,38,98,570
Tax charge on profit on ordinary activities	5,32,609	4,70,81,664	11,61,427	11,41,90,341

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

7 Tax on profit on ordinary activities (continued)

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the United Kingdom 20% (2016: 20%). The differences are explained below

Factors affecting tax charge for year	31st March,2017		31st March,2016	
	£	INR	£	INR
Profit on ordinary activities before tax	2,578,600	227,943,534	4,544,456	446,806,369
Profit on ordinary activities at the standard rate of UK corporation tax 20% (2016: 20%)	515,720	455,887,068.81	908,891	893,612,542.23
Expenses not deductible for tax purposes	5,106	451,361	14,611	1,436,539
Adjustments in respect of prior years	5,816	514,124	240,964	23,691,340
Effect of changes in tax rates	5,967	527,472	-3,039	-298,791
Tax charge for the year	532,609	47,081,664	1,161,427	114,190,341

The deferred taxation asset of £20,404 (2016: deferred taxation liability £57,752) has been recognised and is disclosed within receivables, see note 14 (2016: deferred tax liability disclosed in payables).

	31st March,2017		31st March,2016	
	£	INR	£	INR
Accelerated capital allowances	-52,996	-46,84,750	-1,23,217	-1,21,14,572
Short-term timing differences	67,319	59,50,877	57,128	56,16,768
Pension provision	6,081	5,37,549	8,337	8,19,686
Deferred tax asset	20,404	18,03,676	-57,752	-56,78,119

	31-Mar-17		31-Mar-16	
	£	INR	£	INR
Deferred tax (liability)/asset as at 1 April	-57,752	-54,95,796	83,610	77,37,788
Adjustments in respect of prior years	12,787	11,30,347	-2,40,964	-2,36,91,340
Deferred tax charge to profit for the period	65,369	57,78,500	99,602	97,92,769
Currency Translation Reserve	-	2,45,687	-	6,64,987
Deferred tax asset/(liability) as at 31 March	20,404	16,58,739	-57,752	-54,95,796

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

7 Tax on profit on ordinary activities (continued)

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the asset has been recognised in these financial statements.

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the company's profit for the reporting period is taxed at an effective rate of 20.65% (2016: 25.56%) and will be taxed at 17% in the future.

In addition to the change in rate of corporation tax disclosed above, changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 17% from 1 April 2020 had already been substantively enacted on 26 October 2015 and 7 September 2016. At 31 March 2017, Management is of the opinion that the relevant deferred tax assets and liabilities included in these Financial Statements are based on the reduced rate of 17% having regard to their reversal profiles.

The Company has adopted the new R&D expenditure credit legislation introduced in 2013 that allows large companies to claim expenditure credits equal to 11% per cent of the qualifying research and development (R&D) expenditure. The operating profit for the current reporting period includes the effect of these tax credits.

8 Employees

	31st March,2017		31st March,2016	
	£	INR	£	INR
Staff costs during the year (including directors)				
Wages and salaries	42,09,072	37,20,74,283	46,14,815	45,37,23,996
Social security costs	4,38,758	3,87,85,406	4,99,456	4,91,06,014
Other pension costs	4,46,597	3,94,78,360	5,51,152	5,41,88,713
Other staff costs	1,39,572	1,23,37,910	1,58,690	1,56,02,242
	52,33,999	46,26,75,960	58,24,113	57,26,20,966

The average monthly number of persons (including executive directors) employed by the company during the year was:

	31 March 2017	31 March 2016
By activity		
Software development and support staff	57	66
Sales and marketing	7	7
Administrative Staff	6	7
	70	80

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

8 Employees (continued)

Pension costs

The Company operates a Defined Contribution Pension Scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund.

The pension cost charge represents contributions payable by the company to the NIIT Insurance Technologies Limited Company Personal Pension Scheme and amounts to £446,597 (2016: £551,152). There is an accrual at the year-end for the Company Personal Pension Scheme of £35,769 (2016: £43,880).

9 Research and Development Expenditure Credit

The Company has claimed research and development expenditure credit as per the guidelines prescribed by HMRC on an accrual basis in the statement of comprehensive income. A summary of the qualifying research and development expenditure and the gross RDEC is as follows:

Expenditure Category	31st March,2017		31st March,2016	
	£	INR	£	INR
Staffing costs	6,53,428	5,77,61,843	8,13,522	7,99,84,670
Connected externally provided workers (EPWs)	2,13,959	1,89,13,585	5,79,556	5,69,81,366
Total qualifying research and development expenditure	8,67,387	7,66,75,428	13,93,078	13,69,66,036
Gross RDEC @ 11% (2016: 11%)	95,413	84,34,335	1,53,239	1,50,66,305

Management is confident that the claims will be successful.

10 Directors Emoluments

The directors' emoluments were as follows:

	2017 £	2017 INR
Aggregate remuneration	49,864	44,07,887

Aggregate remuneration represents 50% of the remuneration of director recharged by the parent company. Post-employment benefits under a defined contribution pension scheme aggregating to £6,757 (2015: Nil) is accruing to 1 director (2016: Nil).

NIIT Insurance Technologies Limited

11 Dividends

Dividends

Declared and paid during the year	31st March,2017		31st March,2016	
	£	INR	£	INR
Ordinary shares:				
Interim paid: Nil (2016: £2.389 per 1p share)	-	-	30,00,000	29,49,57,000

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

12 Intangible assets

	Work-in-progress development costs		Development costs		TOTAL	
	£	INR	£	INR	£	INR
Cost						
At 1 April 2016	23,91,588	22,75,88,297	30,61,927	29,13,79,097	54,53,515	51,89,67,394
Additions	10,18,921	9,00,70,757	-	-	10,18,921	9,00,70,757
Transfers	-34,10,509	-30,14,82,771	34,10,509	30,14,82,771	-	-
Currency Translation reserve	-	-1,61,76,283	-	-6,66,86,478	-	-8,28,62,761
At 31 March 2017	-	-	64,72,436	52,61,75,390	64,72,436	52,61,75,390
Accumulated amortisation						
At 1 April 2016	-	-	13,03,325	12,40,27,014	13,03,325	12,40,27,014
Charged in the year	-	-	5,02,261	4,43,98,956	5,02,261	4,43,98,956
Currency Translation reserve	-	-	-	-2,16,41,217	-	-2,16,41,217
At 31 March 2017	-	-	18,05,586	14,67,84,753	18,05,586	14,67,84,753
Net book value						
At 31 March 2017	-	-	46,66,850	37,93,90,637	46,66,850	37,93,90,637
At 31 March 2016	23,91,588	22,75,88,297	17,58,602	16,73,52,084	41,50,190	39,49,40,381

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

13 Tangible assets

	Furniture and equipment		Plant and machinery		TOTAL	
	£	INR	£	INR	£	INR
Cost						
At 1 April 2016	5,26,017	5,00,56,830	27,28,382	25,96,38,288	32,54,399	30,96,95,118
Additions	-	-	36,171	31,97,450	36,171	31,97,450
Disposals	-1,056	-93,348	-80,610	-71,25,777	-81,666	-72,19,125
Currency Translation reserve	-	-72,86,882	-	-3,75,19,352	-	-4,48,06,234
At 31 March 2017	5,24,961	4,26,76,600	26,83,943	21,81,90,609	32,08,904	26,08,67,209
Accumulated depreciation						
At 1 April 2016	4,98,074	4,73,97,718	24,60,566	23,41,52,382	29,58,640	28,15,50,100
Charged in the year	27,216	24,05,845	2,04,288	1,80,58,686	2,31,504	2,04,64,531
Disposals	-1,056	-93,348	-80,610	-71,25,777	-81,666	-72,19,125
Currency Translation reserve	-	-70,92,716	-	-3,49,99,692	-	-4,20,92,408
At 31 March 2017	5,24,234	4,26,17,498	25,84,244	21,00,85,599	31,08,478	25,27,03,097
Net book value						
At 31 March 2017	727	59,101	99,699	81,05,010	1,00,426	81,64,112
At 31 March 2016	27,943	26,59,112	2,67,816	2,54,85,906	2,95,759	2,81,45,018

14 Receivables

	2017		2016	
	£	INR	£	INR
Trade receivables	44,00,974	35,77,76,301	33,07,705	31,47,67,823
Amounts owed by group undertakings	34,969	28,42,798	50	4,758
Amounts recoverable on contracts	4,10,349	3,33,59,240	8,62,972	8,21,22,141
Deferred tax asset (see note 7)	20,404	16,58,739	-	-
Other receivables	93,426	75,95,048	86,482	82,29,800
Prepayments and accrued income	4,29,707	3,49,32,945	4,07,665	3,87,94,217
	53,89,829	43,81,65,071	46,64,874	44,39,18,740

There are no loans to group undertakings (2016: Nil).

NIIT Insurance Technologies Limited

15 Payables: amounts falling due within one year

	2017		2016	
	£	INR	£	INR
Trade payables	92,206	74,95,868	58,913	56,06,279
Amount owed to group undertakings	9,26,594	7,53,27,274	2,42,210	2,30,49,188
Deferred tax liability (see note 7)	0	-	57,752	54,95,796
Corporation tax payable	59,394	48,28,423	1,44,745	1,37,74,224
Other taxation and social security	9,00,405	7,31,98,244	7,56,596	7,19,99,189
Other payables	991	80,563	8,482	8,07,164
Holiday pay accrual	80,282	65,26,509	93,016	88,51,589
Other accruals	4,83,192	3,92,80,997	3,48,629	3,31,76,233
Deferred income	41,13,766	33,44,27,784	34,17,081	32,51,76,262
	66,56,830	54,11,65,663	51,27,424	48,79,35,923

Amounts owed to group undertakings represent trade balances and are unsecured, non-interest bearing within stipulated payment terms.

16 Payables: amounts falling due after more than one year

Lease incentives including a rent free period were received when the Company entered into a new lease on its office premises. These incentives are being amortised to profit or loss on a straight line basis.

17 Provision for other liabilities

As part of the Company's property leasing arrangements there is an obligation to repair damages which incur during the life of the lease, such as wear and tear. The cost is charged to profit and loss as the obligation arises. The provision is expected to be utilised after the lease terminates in 2021.

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

18 Called up, allotted and fully paid up share capital

	2017			2016		
	No of shares	£	INR	No of shares	£	INR
Authorised						
Ordinary shares of 1p each	50,00,000	50,000	40,64,740	50,00,000	50,000	47,58,100
Allotted, and fully paid						
Ordinary shares of 1p each	12,55,720	12,557	10,20,819	12,55,720	12,557	11,94,949

19 Reserves

Retained earnings

The retained earnings include all current and prior period retained profits and losses.

20 Financial commitments

At 31 March 2017 the company had total commitments under non-cancellable operating leases payable as follows:

	2017		2016	
	£	INR	£	INR
(i) Land and buildings				
Within one year	5,69,050	4,62,60,806	2,49,501	2,37,43,014
Within two to five years	17,12,400	13,92,09,216	19,68,004	18,72,79,197
	22,81,450	18,54,70,021	22,17,505	21,10,22,211
(ii) Others				
Within one year	7,095	5,76,787	15,900	15,13,076
Within two to five years	285	23,169	2,250	2,14,115
	7,380	5,99,956	18,150	17,27,190

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 wholly owned subsidiary and consolidated financial statements are prepared by the ultimate parent company, NIIT Technologies Limited, India. The consolidated financial statements published by the parent company are publicly available.

NIIT Insurance Technologies Limited

Notes to the Financial Statements for the year ended 31 March 2017 (continued)

22 Ultimate holding company and controlling party

NIIT Technologies Limited, which is incorporated and registered in the UK, is the immediate parent company. The ultimate parent company and controlling party is NIIT Technologies Limited, India a Company registered in India, which is the parent of the smallest and largest group to consolidate these financial statements.

NIIT Technologies Limited, India prepares consolidated financial statements and copies can be obtained from 8 Balaji Estate, First floor, Guru Ravidas Marg, Kalkaji, New Delhi - 110019, India. Full consolidated financial statements can also be obtained for NIIT Technologies Limited, India, from that company's website at the following address, <http://www.niit-tech.com/investors/financial-reports>