

REGISTERED NUMBER: 02743776 (England and Wales)

**REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014  
FOR  
INFOTECH ENTERPRISES EUROPE LIMITED**

Mehta & Tengra  
Chartered Accountants  
Registered Auditors  
24 Bedford Row,  
London  
WC1R 4TQ

**INFOTECH ENTERPRISES EUROPE LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2014**

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**INFOTECH ENTERPRISES EUROPE LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 31 MARCH 2014**

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<b>DIRECTORS:</b>	J P Renard A Aggarwal M Trostel
<b>SECRETARY:</b>	A Devalia
<b>REGISTERED OFFICE:</b>	Second Floor South 52-54 High Holborn House London WC1V 6RL
<b>REGISTERED NUMBER:</b>	02743776 (England and Wales)
<b>AUDITORS:</b>	Mehta & Tengra Chartered Accountants Registered Auditors 24 Bedford Row, London WC1R 4TQ
<b>BANKERS:</b>	HSBC Bank Canary Wharf Canada Place London E14 5AH

## **INFOTECH ENTERPRISES EUROPE LIMITED**

### **REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2014**

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The directors present their report with the financial statements of the company and the group for the year ended 31 March 2014.

#### **PRINCIPAL ACTIVITY**

The principal activity of the group in the year under review was that of the provision of network and content engineering services to customers in the United Kingdom, Benelux, DACH and Middle East markets. The company is specifically focused on the utilities, telecom, government and commercial sectors in the EMEA market.

#### **REVIEW OF BUSINESS**

The business has continued to build on the improvements seen during the previous twelve months. We are delighted to have achieved top line sales growth, while managing our costs. This has resulted in an overall improvement in our operating results with the last four months of the financial year showing an overall profit before tax. While our Utilities business remained largely flat in terms of revenue growth, we saw good growth with our telecom clients, and benefited from high double digit growth with two of our large Content Engineering clients.

Both of our overseas subsidiaries grew and were consistently profitable throughout the period. Across our business there has been an increased focus on cash collection and I am happy to report that we achieved a significant reduction in debtor days (days outstanding).

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 March 2014.

The directors did not recommend the payment of any dividends during the year (2013: £nil).

#### **FUTURE DEVELOPMENTS**

Building on the work done in previous years, we will continue to leverage synergies and cost optimisation opportunities with our sister companies in Europe, particularly Infotech Enterprises GmbH. We have had some good success using our finance and HR shared services offshore and believe we now have a solid platform to support future growth, without having to make additional hires locally. We continue to work on specific areas of risk and compliance to ensure we are in line with the rest of the Infotech Group of companies and will leverage company-wide solutions wherever possible.

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 April 2013 to the date of this report.

J P Renard  
A Aggarwal  
M Trostel

#### **GROUP'S POLICY ON PAYMENT OF CREDITORS**

The company's and group's current policy concerning the payment of trade creditors is to:

- pay in accordance with the company's and group's contractual and other legal obligations;
- agree in specific cases payment terms with a supplier that reflect the particular nature of a client contract;
- ensure that regular suppliers are aware of our standard payment terms and that these are respected and acted upon.
- copies of the standard policy can be obtained from the company's registered office.

#### **FINANCIAL INSTRUMENTS**

The company's and group's financial instruments include bank balances, trade creditors and inter-company financing. Day to day operations continue to be funded through cashflow and from reserves within the business.

#### **RELATED PARTY TRANSACTIONS**

There were no related party transactions during the year for parties excluded by the exemption stated in the Accounting Policies.

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**PRINCIPAL RISKS AND UNCERTAINTIES**

Infotech Enterprises Europe Limited and the group undertake periodic audits to track and manage risks that are associated with the business. These risks include:

- Business portfolio risks
- Financial risks
- Competition risks
- Internal process risks

The company's business covers several industry verticals and geographic markets which suitably de-risks it from dependence on a single customer, market or service. During the financial year, the company continued to build annuity business with some of its strategic customers, specifically in the telecom sector. It rolled out a new service around fibre engineering for key telecom customers in Europe and has established the basis to generate long-term business in this area in the coming years.

The company remains aware of the business risks and uncertainties related to its markets and customers. Its mitigation plan focuses on generating new customer accounts, delivering new services and entering new geographic markets.

In terms of financial risk, the company earns a part of its revenues from customers who pay in Euros. It is hence exposed to exchange rate volatility particularly around the Euro and Indian Rupee. The company maintains a liquid balance sheet and ensured a significant level of cash collection during the year.

The company's focus on network and content engineering services provides the basis to both differentiate and enhance its value for its customers and markets and manage competitive pressure.

During 2012/2013, the company was successfully audited and re-certified to ISO 9001 and ISO 27001 standards. It continues to work to standard operating procedures that support sales, delivery, finance, security and health & safety.

**KEY PERFORMANCE INDICATORS**

The company's annual operating plan sets objectives and metrics for sales, operations and financial performance. These include revenue, profitability, orders, on time delivery and day sales outstanding which are periodically tracked and measured. This gives the basis to understand variances from budget, measure performance on an ongoing basis and ensure cost control.

Operational performance is tracked and managed through the Project Management Office that focuses on ensuring deliverables adhere to quality, schedule and budget. The PMO improves transparency on project performance and supports greater management control. The company continued to track operational performance through periodic customer satisfaction audits.

The quality of financial management and internal controls has substantially improved through the SAP based finance and accounting system that has been fully operational since the start of the last financial year. The company also implemented Salesforce.com as a CRM tool to support sales and business development and realised appreciable benefits in terms of focusing on and tracking key customers and improving account management.

**INFOTECH ENTERPRISES EUROPE LIMITED**

**REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the group and of the profit or loss of the group 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director 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 group's auditors are aware of that information.

**ON BEHALF OF THE BOARD:**



.....  
M Trostel - Director

Date: 18.04.2014

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
INFOTECH ENTERPRISES EUROPE LIMITED**

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We have audited the financial statements of Infotech Enterprises Europe Limited for the year ended 31 March 2014 on pages seven to twenty four. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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 group's and the parent 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. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2014 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
INFOTECH ENTERPRISES EUROPE LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



P Tengra (Senior Statutory Auditor)  
for and on behalf of Mehta & Tengra  
Chartered Accountants  
Registered Auditors  
24 Bedford Row,  
London  
WC1R 4TQ

Date: .....18/4/2014.....

*subject to 3rd party confirmations*



**INFOTECH ENTERPRISES EUROPE LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014**

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	Notes	2014 £	2013 £
<b>TURNOVER</b>	2	<b>12,378,078</b>	10,293,809
Cost of sales		<u>(9,757,709)</u>	<u>(8,243,981)</u>
<b>GROSS PROFIT</b>		<b>2,620,369</b>	2,049,828
Administrative expenses		<u>(3,129,814)</u>	<u>(3,223,184)</u>
		<b>(509,445)</b>	<b>(1,173,356)</b>
Other operating income	3	<u>22,182</u>	26,416
<b>OPERATING LOSS</b>	5	<b>(487,263)</b>	<b>(1,146,940)</b>
Interest receivable and similar income	6	<u>18,219</u>	1,321
		<b>(469,044)</b>	<b>(1,145,619)</b>
Interest payable and similar charges	7	<u>(20,704)</u>	<u>(5,075)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(489,748)</b>	<b>(1,150,694)</b>
Tax on loss on ordinary activities	8	<u>(121,442)</u>	<u>(16,727)</u>
<b>LOSS FOR THE FINANCIAL YEAR FOR THE GROUP</b>		<b><u>(611,190)</u></b>	<b><u>(1,167,421)</u></b>

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year.

The notes form part of these financial statements

**INFOTECH ENTERPRISES EUROPE LIMITED**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 MARCH 2014**

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	2014 £	2013 £
<b>LOSS FOR THE FINANCIAL YEAR</b>	(611,190)	(1,167,421)
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>(611,190)</u>	<u>(1,167,421)</u>
Prior year adjustment		<u>24,220</u>
<b>TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT</b>		<u>(1,143,201)</u>


The notes form part of these financial statements

INFOTECH ENTERPRISES EUROPE LIMITED (REGISTERED NUMBER: 02743776)

CONSOLIDATED BALANCE SHEET  
31 MARCH 2014

	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
Intangible assets	10	-	46
Tangible assets	11	109,862	54,873
Investments	12	1,949	1,949
		<u>111,811</u>	<u>56,868</u>
<b>CURRENT ASSETS</b>			
Debtors	13	4,529,149	3,537,947
Cash at bank and in hand		940,294	1,236,479
		<u>5,469,443</u>	<u>4,774,426</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(3,600,416)	(2,210,453)
<b>NET CURRENT ASSETS</b>			
		<u>1,869,027</u>	<u>2,563,973</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>1,980,838</u>	<u>2,620,841</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	1,850,000	1,850,000
Share premium	20	552,427	552,427
Translation reserves	20	(31,888)	(3,075)
Profit and loss account	20	(389,701)	221,489
<b>SHAREHOLDERS' FUNDS</b>			
	23	<u>1,980,838</u>	<u>2,620,841</u>

The financial statements were approved by the Board of Directors on ..... and were signed on its behalf by:

  
.....  
M Trostel - Director

The notes form part of these financial statements



INFOTECH ENTERPRISES EUROPE LIMITED (REGISTERED NUMBER: 02743776)

COMPANY BALANCE SHEET  
31 MARCH 2014

	Notes	2014 £	2013 £
<b>FIXED ASSETS</b>			
Intangible assets	10	-	46
Tangible assets	11	108,718	52,223
Investments	12	50,798	50,798
		<u>159,516</u>	<u>103,067</u>
<b>CURRENT ASSETS</b>			
Debtors	13	2,351,725	2,491,193
Cash at bank and in hand		253,366	986,465
		<u>2,605,091</u>	<u>3,477,658</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	(1,777,349)	(1,558,294)
<b>NET CURRENT ASSETS</b>			
		<u>827,742</u>	<u>1,919,364</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>987,258</u>	<u>2,022,431</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	1,850,000	1,850,000
Share premium	20	552,427	552,427
Translation reserves	20	(4,954)	-
Profit and loss account	20	(1,410,215)	(379,996)
<b>SHAREHOLDERS' FUNDS</b>			
	23	<u>987,258</u>	<u>2,022,431</u>

The financial statements were approved by the Board of Directors on ..... and were signed on its behalf by:



.....  
M Frostel - Director

The notes form part of these financial statements



**1. ACCOUNTING POLICIES**

**Accounting convention**

These financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and under the historical cost convention.

The financial statements have also been prepared on a going concern basis. The group and the company are dependent on the commercial and financial support from the ultimate parent company, Infotech Enterprises Limited, to continue in operation for the foreseeable future. The ultimate parent company has committed to provide such commercial and financial support as is necessary for the company to meet its obligations as they come due and to enable it to continue its operation without any significant curtailment for the foreseeable future and for a period of at least 12 months from the date of signing of these financial statements. Accordingly the directors believe that it is appropriate to prepare these financial statements on a going concern basis.

**Basis of consolidation**

The Group financial statements comprise of the consolidated results of Infotech Enterprises Europe Ltd, Infotech Enterprises Benelux B.V.I and Infotech Enterprises GMBH.

Intergroup balances and income and expenses arising from intergroup transactions are eliminated when preparing the consolidated financial statements.

**Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

**Revenue recognition**

Licence revenues are recognised when risk of ownership transfers to customers which is deemed to occur on acceptance by customers.

Training related revenues are recorded once the training has been provided.

Maintenance and support revenues are recognised on a straight line basis over the contract.

Professional service revenues provided to customers on a fixed price basis are recorded on a percentage of completion. Revenue for such services are recognised based on completion of specified "milestones" as per the terms of the contract. Any work in progress that have not met a completion "milestone" and hence would not be accepted by customers are not recognised as income. The cost of work supplied by Infotech Enterprises Ltd (India) is consequently also not accepted and not recognised by Infotech Enterprises Europe Ltd.

Amounts billed in advance are classified under creditors as deferred income.

**Goodwill**

Goodwill represents the excess of the consideration paid over the fair value of net assets acquired, less any provision for impairment. Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

The directors conduct an annual review on goodwill and any impairment to the value of goodwill is adjusted in the financial statements.

**Patents and licences**

Patents and licences are valued at cost less accumulated amortisation and any provision for impairment. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

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1. ACCOUNTING POLICIES - continued

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	- 33 1/3% on cost
Fixtures, fittings and equipment	- 15% - 20% on cost

Fixtures, fittings and equipment purchased for the new leased premises are being depreciated over 5 years. Furniture and equipment transferred from the old leased premises, still in use, continue to be depreciated over 7 years.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Operating lease**

UK GAAP (SSAP 20) states that any benefit received and receivable by a lease as an incentive to sign a lease should be treated as a reduction of rental expenses. The benefit should be spread on a straight line basis over the term of the lease.

The company has entered into a new 5 year lease which includes a one year rent free period. Therefore the total rental payable over the period has been evenly distributed over the five years.

**Foreign currencies**

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of the historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The assets and liabilities of foreign operations arising on consolidation are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from the translation of foreign subsidiaries whose affairs are so closely linked with those of the holding company are taken to the profit and loss account.

Exchange differences arising from the translation of foreign subsidiaries whose activities are not integral to the operations of the holding or investing company are taken directly to the translation reserve.

**Hire purchase and leasing commitments**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

1. ACCOUNTING POLICIES - continued

**Pension costs and other post-retirement benefits**

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

**Related party transactions**

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', which requires the disclosure of the details of material transactions between the reporting entity and any related parties, on the grounds that it is a wholly owned subsidiary of a group headed by Infotech Enterprises Limited, a company registered in India.

**Financial reporting standard number 1**

The company is a wholly owned subsidiary company of a group headed by Infotech Enterprises Limited, a company registered in India and is included in the consolidated financial statements of Infotech Enterprises Limited, which themselves include a cash flow statement which are publicly available. Consequently, the company has taken advantage of the exemption available under paragraph 5 of Financial Reporting Standard No 1 'Cash Flow Statements (revised 1996)' from preparing a cash flow statement.

**Investments**

Fixed asset investments are stated at cost less provision for impairment.

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the group.

An analysis of turnover by geographical market is given below:

	2014	2013
	£	£
United Kingdom	6,969,170	6,497,325
Europe	5,408,908	3,796,484
	<u>12,378,078</u>	<u>10,293,809</u>

3. OTHER OPERATING INCOME

	2014	2013
	£	£
Rents received	-	6,846
Other income	22,182	19,570
	<u>22,182</u>	<u>26,416</u>

4. STAFF COSTS

	2014	2013
	£	£
Wages and salaries	4,257,439	3,693,431
Social security costs	496,932	288,109
Other pension costs	29,159	40,563
	<u>4,783,530</u>	<u>4,022,103</u>

INFOTECH ENTERPRISES EUROPE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

4. STAFF COSTS - continued

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

	2014	2013
Administrative staff	6	21
Others	98	65
	<u>104</u>	<u>86</u>

Directors and employees also receive share options in the ultimate holding company Infotech Enterprises Limited, details of which are reflected in the financial statements of Infotech Enterprises Limited.

5. OPERATING LOSS

The operating loss is stated after charging:

	2014	2013
	£	£
Hire of plant and machinery	5,836	4,790
Depreciation - owned assets	25,233	30,492
Loss on disposal of fixed assets	13,544	-
Patents and licences amortisation	46	183
Auditors' remuneration	10,000	10,000
Auditors' remuneration for non audit work	22,917	32,816
Foreign exchange differences	13,149	94,301
Operating lease on buildings	145,290	126,868
	<u>193,464</u>	<u>172,466</u>
Directors' remuneration	193,464	172,466
Directors' pension contributions to money purchase schemes	13,380	13,240
	<u>13,380</u>	<u>13,240</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
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6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Bank interest	86	1,321
Other interest	18,133	-
	<u>18,219</u>	<u>1,321</u>



INFOTECH ENTERPRISES EUROPE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Bank overdraft interest	8,420	-
Other interest	12,284	5,075
	<u>20,704</u>	<u>5,075</u>

8. TAXATION

**Analysis of the tax charge**

The tax charge on the loss on ordinary activities for the year was as follows:

	2014	2013
	£	£
Current tax:		
Swiss corporate tax	21,849	961
Dutch corporate tax	99,593	15,766
	<u>121,442</u>	<u>16,727</u>
Tax on loss on ordinary activities	<u>121,442</u>	<u>16,727</u>

**Factors affecting the tax charge**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014	2013
	£	£
Loss on ordinary activities before tax	<u>(489,748)</u>	<u>(1,150,694)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013 - 26%)	(112,642)	(299,180)
Effects of:		
Expenses not deductible for tax purposes	3,105	2,420
Capital allowances	(6,296)	(8,488)
Depreciation	5,645	7,759
Change in tax rate	31,296	17,403
Non UK tax adjustment	(121,442)	(16,727)
Loss Carried forward	<u>321,776</u>	<u>313,540</u>
Current tax charge	<u>121,442</u>	<u>16,727</u>

9. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £(1,030,219) (2013 - £(1,219,059)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

10. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	Patents and licences £	Totals £
<b>COST</b>			
At 1 April 2013 and 31 March 2014	3,150	551	3,701
<b>AMORTISATION</b>			
At 1 April 2013	3,150	505	3,655
Amortisation for year	-	46	46
At 31 March 2014	3,150	551	3,701
<b>NET BOOK VALUE</b>			
At 31 March 2014	-	-	-
At 31 March 2013	-	46	46

Goodwill represents the excess of consideration paid over the fair value of net assets acquired.

Goodwill of £3,150 (2013: £3,150) on the acquisition of Infotech Enterprise Benelux B.V has been fully amortised.

Company

	Patents and licences £
<b>COST</b>	
At 1 April 2013 and 31 March 2014	551
<b>AMORTISATION</b>	
At 1 April 2013	505
Amortisation for year	46
At 31 March 2014	551
<b>NET BOOK VALUE</b>	
At 31 March 2014	-
At 31 March 2013	46

INFOTECH ENTERPRISES EUROPE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

11. TANGIBLE FIXED ASSETS

Group	Plant and machinery £	Fixtures, fittings and equipment £	Totals £
<b>COST</b>			
At 1 April 2013	324,438	157,713	482,151
Additions	22,513	71,250	93,763
Disposals	(257,733)	(95,584)	(353,317)
At 31 March 2014	<u>89,218</u>	<u>133,379</u>	<u>222,597</u>
<b>DEPRECIATION</b>			
At 1 April 2013	304,037	123,241	427,278
Charge for year	10,126	15,107	25,233
Eliminated on disposal	(256,868)	(82,908)	(339,776)
At 31 March 2014	<u>57,295</u>	<u>55,440</u>	<u>112,735</u>
<b>NET BOOK VALUE</b>			
At 31 March 2014	<u><u>31,923</u></u>	<u><u>77,939</u></u>	<u><u>109,862</u></u>
At 31 March 2013	<u><u>20,401</u></u>	<u><u>34,472</u></u>	<u><u>54,873</u></u>
 <b>Company</b>			
	Plant and machinery £	Fixtures, fittings and equipment £	Totals £
<b>COST</b>			
At 1 April 2013	320,058	157,713	477,771
Additions	22,510	71,250	93,760
Disposals	(255,701)	(95,584)	(351,285)
At 31 March 2014	<u>86,867</u>	<u>133,379</u>	<u>220,246</u>
<b>DEPRECIATION</b>			
At 1 April 2013	302,307	123,241	425,548
Charge for year	9,482	15,107	24,589
Eliminated on disposal	(255,701)	(82,908)	(338,609)
At 31 March 2014	<u>56,088</u>	<u>55,440</u>	<u>111,528</u>
<b>NET BOOK VALUE</b>			
At 31 March 2014	<u><u>30,779</u></u>	<u><u>77,939</u></u>	<u><u>108,718</u></u>
At 31 March 2013	<u><u>17,751</u></u>	<u><u>34,472</u></u>	<u><u>52,223</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

12. FIXED ASSET INVESTMENTS

Group				Listed investments £
<b>COST</b>				
At 1 April 2013 and 31 March 2014				<u>100,000</u>
<b>PROVISIONS</b>				
At 1 April 2013 and 31 March 2014				<u>98,051</u>
<b>NET BOOK VALUE</b>				
At 31 March 2014				<u><u>1,949</u></u>
At 31 March 2013				<u><u>1,949</u></u>
<b>Company</b>				
	Shares in group undertakings £	Listed investments £	Totals £	
<b>COST</b>				
At 1 April 2013 and 31 March 2014	<u>48,849</u>	<u>100,000</u>	<u>148,849</u>	
<b>PROVISIONS</b>				
At 1 April 2013 and 31 March 2014	<u>-</u>	<u>98,051</u>	<u>98,051</u>	
<b>NET BOOK VALUE</b>				
At 31 March 2014	<u><u>48,849</u></u>	<u><u>1,949</u></u>	<u><u>50,798</u></u>	
At 31 March 2013	<u><u>48,849</u></u>	<u><u>1,949</u></u>	<u><u>50,798</u></u>	

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

**Subsidiaries**

**Infotech Enterprises Benelux B.V**

Country of incorporation: The Netherlands

Nature of business: Geographical information services

Class of shares:	%		
Ordinary	holding		
	100.00		
		2014	2013
		£	£
Aggregate capital and reserves		<u>913,427</u>	604,976
Profit for the year		<u><u>331,469</u></u>	<u><u>66,340</u></u>

INFOTECH ENTERPRISES EUROPE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

12. FIXED ASSET INVESTMENTS - continued

**Infotech Enterprises GMBH**

Country of incorporation: Switzerland

Nature of business: Geographical information services

	%		
Class of shares:	holding		
Ordinary	100.00		
		2014	2013
		£	£
Aggregate capital and reserves		129,002	42,285
Profit for the year		87,558	10,039

Infotech Enterprises GMBH was purchased for its Net Asset value of 48,000 Swiss Francs

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	2,797,069	2,760,823	1,656,112	1,598,707
Other debtors	74,744	27,593	7,711	22,686
Guarantees & deposits	50,907	11,913	25,269	-
Amounts owed by related company	620,284	24,444	62,836	24,444
Amounts owed by subsidiary company	-	25,171	340,971	512,435
Amounts owed by parent company	50,610	-	50,610	-
Dutch corporate tax	-	11,465	-	-
Prepayments and accrued income	935,535	676,538	208,216	332,921
	<u>4,529,149</u>	<u>3,537,947</u>	<u>2,351,725</u>	<u>2,491,193</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts (see note 15)	330,839	-	330,839	-
Trade creditors	341,846	448,727	329,515	213,440
Corporation tax	-	935	-	935
Swiss corporate tax	22,900	954	-	-
Dutch corporate tax	52,967	-	-	-
Social security and other taxes	487,083	285,048	313,523	199,469
Other creditors	172,773	74,115	37,430	15,807
Amounts due to related company	221,098	17,943	221,098	17,943
Amounts due to subsidiary company	-	25,171	52,968	25,171
Amounts due to parent company	932,598	175,590	-	175,590
Accruals and deferred income	1,038,312	1,181,970	491,976	909,939
	<u>3,600,416</u>	<u>2,210,453</u>	<u>1,777,349</u>	<u>1,558,294</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

15. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Amounts falling due within one year or on demand:				
Bank overdrafts	<u>330,839</u>	<u>-</u>	<u>330,839</u>	<u>-</u>

16. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

Group	Land and buildings		Other operating leases	
	2014 £	2013 £	2014 £	2013 £
Expiring:				
Within one year	11,890	61,200	-	2,768
Between one and five years	<u>42,115</u>	<u>183,600</u>	<u>24,964</u>	<u>8,304</u>
	<u>54,005</u>	<u>244,800</u>	<u>24,964</u>	<u>11,072</u>

17. SECURED DEBTS

Assets held as security and formally charged to HSBC are :

- (i) Debenture including fixed charge over all present freehold and leasehold property.
- (ii) First fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future.
- (iii) First floating charge over all assets and undertaking both present and future dated 24 June 2013.

The bank has also given a guarantee dated 11 July 2013 in favour of E.On Bayern Ag for €266,000.

18. LOANS AND OVERDRAFTS

(i) The bank has granted the following facilities:

- Class Guarantee facility of € 270,000.
- Overdraft facility of £1,000,000.

(ii) The subsidiary company's bankers have provided guarantees for the sum of €58,130.

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2014	2013
Number:	Class:		£	£
1,850,000	Ordinary shares	£0.10	<u>1,850,000</u>	<u>1,850,000</u>

INFOTECH ENTERPRISES EUROPE LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2014

20. RESERVES

Group

	Profit and loss account £	Share premium £	Translation reserves £	Totals £
At 1 April 2013	221,489	552,427	(3,075)	770,841
Deficit for the year	(611,190)			(611,190)
Foreign exchange difference on consolidation	-	-	(28,813)	(28,813)
At 31 March 2014	<u>(389,701)</u>	<u>552,427</u>	<u>(31,888)</u>	<u>130,838</u>

Company

	Profit and loss account £	Share premium £	Translation reserves £	Totals £
At 1 April 2013	(379,996)	552,427	-	172,431
Deficit for the year	(1,030,219)			(1,030,219)
Foreign exchange difference on consolidation	-	-	(4,954)	(4,954)
At 31 March 2014	<u>(1,410,215)</u>	<u>552,427</u>	<u>(4,954)</u>	<u>(862,742)</u>

Translation reserves

Translation reserves comprise of foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose activities are not integral to the operations of the holding or investing company.

21. PENSION COMMITMENTS

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 group to the fund and amounted to £40,972 (2013:£29,850). The contributions were payable to the fund at the year end and are included in creditors amounted to be £3,949 (2013: £Nil).

22. ULTIMATE PARENT COMPANY

The company is wholly owned by Infotech Enterprises Limited, a company incorporated in India.

The parent company's address is 11 Software Units Layouts, Infocity, Madhapur, Hyderabad, India, where copies of the group financial statements can be publicly obtained.

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2014 £	2013 £
Loss for the financial year	(611,190)	(1,167,421)
Prior year adjustment		
Translation reserve	(28,813)	21,145
	<u>(640,003)</u>	<u>(1,146,276)</u>
Net reduction of shareholders' funds		
Opening shareholders' funds	2,620,841	3,767,117
	<u>1,980,838</u>	<u>2,620,841</u>
Closing shareholders' funds		
	<u>1,980,838</u>	<u>2,620,841</u>
Company	2014 £	2013 £
Loss for the financial year	(1,030,219)	(1,219,059)
Translation reserves	(4,954)	-
	<u>(1,035,173)</u>	<u>(1,219,059)</u>
Net reduction of shareholders' funds		
Opening shareholders' funds	2,022,431	3,241,490
	<u>987,258</u>	<u>2,022,431</u>
Closing shareholders' funds		
	<u>987,258</u>	<u>2,022,431</u>

24. FOREIGN CURRENCY TRANSLATION

UK GAAP (SSAP 20) states that when preparing group accounts for a company and its foreign subsidiaries the following two methods can be used

(a) Temporal Method - When the affairs of the foreign enterprises are closely linked with that of the investing company. Under this method all differences arising on translation are taken to the Profit and Loss account.

(b) Net investment method - this method is used when the foreign subsidiary is independent of its investing company and any foreign exchange difference arising on consolidation are transferred directly to reserves.

At 31 March 2013 the subsidiary company Infotech Enterprises GMBH was translated using the Temporal Method. However, during the year 31 March 2014 this Swiss entity was no longer merely an extension of its holding company and began to trade independently. Therefore, any foreign exchange differences arising on consolidation were transferred directly to reserves.

A prior year adjustment is not required because in the year of 31 March 2013, this subsidiary was closely linked with its holding company and the Temporal Method was appropriate for the year.



INFOTECH ENTERPRISES EUROPE LIMITED

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014

	2014		2013	
	£	£	£	£
<b>Turnover</b>				
United Kingdom	6,969,170		6,497,325	
Europe	5,408,908		3,796,484	
		12,378,078		10,293,809
<b>Cost of sales</b>				
Purchases	6,975,685		6,257,077	
Salaries	2,326,470		1,709,600	
Social security	331,553		209,409	
Staff pension costs	7,414		16,610	
Other staff expenses	116,587		51,285	
		9,757,709		8,243,981
<b>GROSS PROFIT</b>		2,620,369		2,049,828
<b>Other income</b>				
Rents received	-		6,846	
Other income	22,182		19,570	
Bank interest	86		1,321	
Other interest	18,133		-	
		40,401		27,737
		2,660,770		2,077,565
<b>Expenditure</b>				
Rent, rates, services & electricity	224,510		161,919	
Insurance	32,426		22,507	
Directors' salaries	193,464		171,329	
Directors' social security	25,528		22,629	
Directors' pension contributions	13,380		13,240	
Salaries - Sales & administration	1,737,505		1,812,502	
Social security - Administration	139,851		56,071	
Pensions	8,365		10,713	
Hire of plant and machinery	5,836		4,790	
Telephone & communications	73,756		75,905	
Printing, stationery & postage	21,229		26,911	
Hire of motor vehicles	27,235		22,188	
Subscriptions	7,917		8,115	
Repairs & maintenance	26,227		12,435	
Office cleaning	4,756		4,117	
Travelling & sustenance	133,769		223,705	
Visa application expenses	43,309		3,739	
Sundry expenses	4,141		5,878	
Staff expenses - staff welfare	19,238		15,127	
Staff expenses - benefits	12,821		30,586	
Accountancy	10,372		9,998	
Staff recruitment cost	1,834		3,018	
Penalties	-		4,395	
Carried forward	2,767,469	2,660,770	2,721,817	2,077,565

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INFOTECH ENTERPRISES EUROPE LIMITED

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2014

	2014		2013	
	£	£	£	£
Brought forward	2,767,469	2,660,770	2,721,817	2,077,565
Legal & professional	196,006		236,344	
Auditors' remuneration	10,000		10,000	
Auditors' remuneration for non audit work	22,917		32,816	
Donations	80		-	
Foreign exchange (gain)/ loss	13,149		94,301	
Amortisation of intangible fixed assets				
Computer software	45		184	
Depreciation of tangible fixed assets				
Plant and machinery	10,127		15,368	
Furniture, fittings & equipment	15,107		15,084	
Marketing and advertising	65,963		81,512	
Entertainment	746		4,910	
Bad debts	7,568		-	
Profit/loss on sale of tangible fixed assets	13,544		-	
		3,122,721		3,212,336
		(461,951)		(1,134,771)
<b>Finance costs</b>				
Bank charges	7,093		10,848	
Bank overdraft interest	8,420		-	
Other interest	12,284		5,075	
		27,797		15,923
<b>NET LOSS</b>		<b>(489,748)</b>		<b>(1,150,694)</b>

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