

Company Registration No. 03574904 (England and Wales)

**INTELLECT DESIGN ARENA LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2018**

# INTELLECT DESIGN ARENA LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr Manish Maakan Mr Andrew Ralph England Mr Govind Singhal Mr Thakur Vikas Sinha
<b>Company number</b>	03574904
<b>Registered office</b>	Level 35, 25 Canada Square London E14 5LQ
<b>Auditor</b>	Morgan Berkeley Limited Westgate Chambers 8a Elm Park Road Pinner Middlesex HA5 3LA
<b>Business address</b>	Level 35, 25 Canada Square London E14 5LQ
<b>Bankers</b>	Barclays Bank Plc P.O. Box 544 54 Lombard Street London EC3V 9EX

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# INTELLECT DESIGN ARENA LIMITED

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# INTELLECT DESIGN ARENA LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 31 MARCH 2018**

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

### **General Overview of the business**

Intellect Design Arena Limited, ("Intellect") a specialist in applying true Digital Technologies and a global leader in Financial Technology, is the world's first full spectrum Banking and Insurance technology products company, across global consumer banking (iGCB), Central Banking, Global Transaction Banking (iGTB), Risk, Treasury and Markets (iRTM), and Insurance (Intellect SEEC) with comprehensive product suite covering the entire gamut of financial services that competent the growth and and de-risk the business from dependence on any one line of business or product. With over twenty-five years of deep domain expertise, Intellect is the brand, progressive financial institutions rely on for digital transformation initiatives. Our aggressively customer-centric design philosophy has enabled the engineering of agile holistic digital solutions, with full lifecycle enablement and industry-leading performance assurances.

In July 2016, Oxford Business School and iGTB jointly set up the iGTB Oxford School of Transaction Banking and offered their first program to senior bankers. The school, has the aim of helping senior transactions bankers to run, day-to-day, a successful transaction banking franchise. It is open by invitation only to heads of cash management, payments, liquidity, trade finance, supply chain finance (or equivalents) or above, in banks anywhere in the world. It is an intensive course based on Design Thinking, featuring a curriculum based on a three-level maturity model and six design levers, exercises where scholars practice using Design Thinking on real case studies of economics, CEO attitudes and marketing. The school takes place in the prestigious Rhodes House, Oxford, finishing at the exclusive Oxford and Cambridge Club in London, and also features a networking and cultural programme including a private tour of Oxford. Finally, alumni have private access to a site featuring prime content on transaction banking.

Intellect Design Arena Ltd., UK continues to invest on Technology, Product design and execution competence and capacity. During the year substantial investments have been made in this regard for building & scaling up the Revenue, even it means we have to take some hit on profitability in the short term. We are confident that we should get benefits of the investments in the years to come.

Investing in supply chain Finance for the customers to put more focus on their core business by optimizing their daily sales procure to pay (P2P) and order to cash (O2C) cycles. Dramatically simplify the way buyers and sellers transact with each other and manage their payables and receivables by setting up frictionless and intelligent supply chain programmes through support for the buyer and supplier centric financing models, seamless counterparties on boarding, take the risk away from your books by offering dynamic discounting.

Intellect UK focus to invest in our insurance product development during the year for meeting the promising UK and Europe Insurance Markets through their products :

Intellect Xponent is an AI and Analytics based underwriting workstation developed to transform the way commercial lines are underwritten today. By bringing in the latest exponential technologies to insurance, Xponent it is meant to provide underwriters an effective and efficient way to assess the impact of risk. It is also meant to create a faster and seamless experience for agents to retrieve status of applications and a quick turnaround time for customers.

Risk Analyst is the only AI based risk discovery and assessment software for the commercial insurance industry like Commercial Auto, Commercial Property, Workers Compensation, BOP, General Liability, Speciality and more.

Intellect Distribution and Service Suite is the industry's only comprehensive digital suite for new business and post-issue servicing that seamlessly integrates with the existing system through with 1 Platform 7 Apps

The suite of seven business apps can be deployed as standalone units or in a combination.

One platform for sales and service : Improved productivity and increased customer satisfaction in claims. Faster product creation and rollout by business users. Ensured adoption via training and change management

Faster time to market : Liberate advisors and clients from paperwork and from juggling between different systems so that they can focus on the core tasks.

Out-of-the-box solution : Modern, scalable and easy to implement software that can be made available as per the insurer's needs. It is available on cloud and in premises and works across multiple devices and channels.

Seamless integration : Out-of-the-box technology comes with pre-built APIs enabling easy integration with legacy systems, agency and third party systems.

One platform for all lines of business : Real-time end-to-end sales and service of the entire product range.

Insurer-focused : Designed to exist in the insurer's IT landscape, the suite maximizes the use of existing IT assets. We also provide end-to-end implementation and support services to assure realization of benefits.

# INTELLECT DESIGN ARENA LIMITED

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2018**

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### Principal risks and uncertainties

Intellect has adopted an integrated risk management framework approach in various aspects of its business to prevent and minimise any potential risks. The current challenging economic situation, affecting the financial industry continues to be a risk. The nature of our business is such that it involves a long sales cycle to close a deal. Reluctance amongst some banks to move away from legacy systems, the fear of change, also affects our business.

The Company's principal foreign currency exposure arises from trading in various currencies other than sterling. Trade debtors are monitored on an ongoing basis and provisions are made for doubtful debts where required. Management also monitors and reviews the documentation process for contracts ensuring compliance and adherence to deliverables and service level agreements.

### Development and performance

The company's principal focus during the year is to continue to increase sales, concentrating its efforts on achieving maximum growth in its existing market operations and to develop relationship with new clients.

### Key performance indicators

The company achieved sales of £41.6 million during the financial year ending 31st March 2018 as against £33.7m million in the previous financial year ending 31st March 2017, a growth of 23%. The company posted a pre tax operating loss of £ 1.25million in the year ended 31st March 2018, being a reduction in pre tax profits of £7.28 million from the previous financial year ended 31st March 2017.

### Other information and explanations

#### Award

Our group Chairman and Managing Director, Mr Arun Jain was conferred with Life Time achievement in September 2016 by the Confederation of Indian Industry, one of the premier Industry associations in India. This award recognizes distinguished industry captains who have contributed to the growth and advancement of their domains and made a significant difference during their journey.

IGTB, the transaction banking specialist from Intellect has been recognised by Aite Group, pitted head-to-head, against ten other providers surveyed worldwide, as attaining the highest category, "Ready for wholesale banking API open competition" on all six of its measures: development, developed for wholesale banking services, sandbox, connectivity, management and analytics.

Intellect has been recognised by Gartner for its iGTB suite amongst twelve leading transaction banking players surveyed worldwide in the report, which covers transaction banking offerings including account services, payments, collections, liquidity management, information services, trade finance and supply chain finance.

On behalf of the board



Mr Manish Maakan

Director

2 May 2018

# INTELLECT DESIGN ARENA LIMITED

## DIRECTORS' REPORT

**FOR THE YEAR ENDED 31 MARCH 2018**

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

### Principal activities

The principal activity of the company continued to be that of computer software development, software engineering and I.T. consultancy.

### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr Manish Maakan  
Mr Andrew Ralph England  
Mr Govind Singhal  
Mr Thakur Vikas Sinha

### Results and dividends

The results for the year are set out on page 7.

The directors do not propose payment of an ordinary dividend.

### Auditor

The auditor, Morgan Berkeley Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Statement of directors' responsibilities

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

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

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

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

# **INTELLECT DESIGN ARENA LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 31 MARCH 2018***

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On behalf of the board

  
Mr Manish Maakan  
Director  
2 May 2018

# INTELLECT DESIGN ARENA LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF INTELLECT DESIGN ARENA LIMITED

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#### Opinion

We have audited the financial statements of Intellect Design Arena Limited (the 'company') for the year ended 31 March 2018 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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



# INTELLECT DESIGN ARENA LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF INTELLECT DESIGN ARENA LIMITED

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

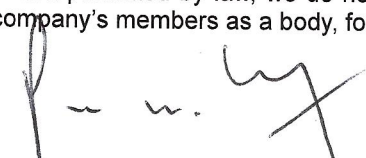
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
Pierre Yat Keung Leong (Senior Statutory Auditor)  
for and on behalf of Morgan Berkeley Limited

Chartered Certified Accountants  
Statutory Auditor

2 May 2018

Westgate Chambers  
8a Elm Park Road  
Pinner  
Middlesex  
HA5 3LA

# INTELLECT DESIGN ARENA LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	41,595,669	33,677,941
Cost of sales		(39,295,011)	(26,035,768)
<b>Gross profit</b>		<b>2,300,658</b>	<b>7,642,173</b>
Administrative expenses		(3,836,176)	(1,802,796)
<b>Operating (loss)/profit</b>	4	<b>(1,535,518)</b>	<b>5,839,377</b>
Interest receivable and similar income	7	290,760	200,318
Interest payable and similar expenses	8	(2,497)	
<b>(Loss)/profit before taxation</b>		<b>(1,247,255)</b>	<b>6,039,695</b>
Tax on loss/profit	9	(1,336)	(213,833)
<b>(Loss)/profit for the financial year</b>		<b>(1,248,591)</b>	<b>5,825,862</b>

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

# INTELLECT DESIGN ARENA LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

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	2018 £	2017 £
(Loss)/profit for the year	(1,248,591)	5,825,862
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,248,591)</u>	<u>5,825,862</u>

# INTELLECT DESIGN ARENA LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	10	185,740		38,909	
Investments	11	666,088		666,088	
			851,828		704,997
<b>Current assets</b>					
Stocks	14	9,943,679		1,263,270	
Debtors	15	9,702,859		7,722,953	
Investments	16	2,977,251		6,775,207	
Cash at bank and in hand		1,158,385		3,833,760	
		23,782,174		19,595,190	
<b>Creditors: amounts falling due within one year</b>	17	(14,920,942)		(9,339,872)	
<b>Net current assets</b>			8,861,232		10,255,318
<b>Total assets less current liabilities</b>			9,713,060		10,960,315
<b>Provisions for liabilities</b>	18		(9,118)		(7,782)
<b>Net assets</b>			9,703,942		10,952,533
<b>Capital and reserves</b>					
Called up share capital	21	889,000		889,000	
Profit and loss reserves	22	8,814,942		10,063,533	
<b>Total equity</b>			9,703,942		10,952,533

The financial statements were approved by the board of directors and authorised for issue on 2 May 2018 and are signed on its behalf by:

Mr Manish Maakan  
Director

Company Registration No. 03574904

# INTELLECT DESIGN ARENA LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2016	889,000	4,237,671	5,126,671
Year ended 31 March 2017:			
Profit and total comprehensive income for the year	-	5,825,862	5,825,862
Balance at 31 March 2017	889,000	10,063,533	10,952,533
Year ended 31 March 2018:			
Loss and total comprehensive income for the year	-	(1,248,591)	(1,248,591)
Balance at 31 March 2018	889,000	8,814,942	9,703,942

# INTELLECT DESIGN ARENA LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	27	(5,720,324)		2,128,969	
Interest paid		(2,497)		-	
Income taxes (paid)/refunded		(985,986)		569,129	
<b>Net cash (outflow)/inflow from operating activities</b>		(6,708,807)		2,698,098	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(157,407)		(8,441)	
Purchase of subsidiaries		-		(394,361)	
Proceeds on loan repayments		3,797,956		(155,150)	
Proceeds from other investments and loans		102,167		106,791	
Interest received		290,760		200,318	
<b>Net cash generated from/(used in) investing activities</b>		4,033,476		(250,843)	
<b>Net cash used in financing activities</b>		-		-	
<b>Net (decrease)/increase in cash and cash equivalents</b>		(2,675,331)		2,447,255	
Cash and cash equivalents at beginning of year		3,833,760		1,386,505	
<b>Cash and cash equivalents at end of year</b>		1,158,385		3,833,760	

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 31 MARCH 2018**

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### 1 Accounting policies

#### Company information

Intellect Design Arena Limited is a private company limited by shares incorporated in England and Wales. The registered office is Level 35, 25 Canada Square, London, E14 5LQ.

#### 1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Intellect Design Arena Limited is a wholly owned subsidiary of Intellect Design Arena Limited, a company incorporated in India, and the results of Intellect Design Arena Limited are included in the consolidated financial statements of Intellect Design Arena Limited which can be obtained from Intellect Design Arena Limited, Polaris House, 244, Anna Salai, Chennai 600006, India.

#### 1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover represents amounts receivable for software engineering products and services net of VAT and trade discounts.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

#### 1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the period of the lease
Fixtures, fittings & equipment	25% reducing balance per annum

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.



# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

#### 1.7 Software work in progress

Software work in progress is stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises the price paid for the acquisition of the work in progress.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.8 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 profit or loss.

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 profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

#### *Derecognition of financial liabilities*

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### 1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### 1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### *Current tax*

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### 1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 1 Accounting policies

(Continued)

#### 1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
<b>Turnover analysed by class of business</b>		
Sale of software products licences and services	41,595,669	33,677,941
	<u>          </u>	<u>          </u>
	2018 £	2017 £
<b>Other significant revenue</b>		
Interest income	290,760	200,318
	<u>          </u>	<u>          </u>
	2018 £	2017 £
<b>Turnover analysed by geographical market</b>		
United Kingdom and Europe	41,595,669	33,677,941
	<u>          </u>	<u>          </u>

The turnover of the company during the year, derived from its principal activity, attributable to the various geographies are 75% (2017 - 81%) from the UK, 14% (2017 - 15%) from Europe and the remaining 11% (2017 - 4%) predominantly from the African and American subcontinent.

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

### 4 Operating (loss)/profit

	2018	2017
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses/(gains)	1,052,018	(658,257)
Fees payable to the company's auditor for the audit of the company's financial statements	23,834	23,000
Depreciation of owned tangible fixed assets	10,620	11,385
Operating lease charges	374,181	330,613

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £1,052,018 (2017 - £658,257).

### 5 Employees

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

	2018 Number	2017 Number
Software engineers, I T Consultants and Management	101	90

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	17,198,153	14,809,626
Pension costs	696,807	47,767
	17,894,960	14,857,393

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	339,180	301,346
	<u>339,180</u>	<u>301,346</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2017 - 1).

The number of directors who exercised share options during the year was 0 (2017 - 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	301,346	165,176
Company pension contributions to defined contribution schemes	3,010	1,652
	<u>301,346</u>	<u>165,176</u>

### 7 Interest receivable and similar income

	2018 £	2017 £
<b>Interest income</b>		
Interest on bank deposits	726	315
Other interest income	290,034	200,003
	<u>290,760</u>	<u>200,318</u>
<b>Total income</b>		

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	726	315
	<u>726</u>	<u>315</u>

### 8 Interest payable and similar expenses

	2018 £	2017 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest payable to group undertakings	2,497	-
	<u>2,497</u>	<u>-</u>

### 9 Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	1,007,264
Adjustments in respect of prior periods	-	(792,837)
	<u>-</u>	<u>214,427</u>
<b>Total current tax</b>		

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 9 Taxation

(Continued)

Deferred tax		
Origination and reversal of timing differences	1,336	(594)

Total tax charge	1,336	213,833
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The actual charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2018 £	2017 £
(Loss)/profit before taxation	(1,247,255)	6,039,695
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(236,978)	1,207,939
Tax effect of expenses that are not deductible in determining taxable profit	12,629	5,030
Unutilised tax losses carried forward	244,401	-
Adjustments in respect of prior years	-	(792,837)
Permanent capital allowances in excess of depreciation	(17,170)	(589)
Research and development tax credit	-	(198,060)
Tax relief on share options	(2,882)	(7,056)
Deferred tax - timing differences re.fixed assets	1,336	(594)
Taxation charge for the year	1,336	213,833

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 10 Tangible fixed assets

	Leasehold improvements	Fixtures, fittings & equipment	Total
	£	£	£
<b>Cost</b>			
At 1 April 2017	-	78,857	78,857
Additions	137,749	19,658	157,407
At 31 March 2018	137,749	98,515	236,264
<b>Depreciation and impairment</b>			
At 1 April 2017	-	39,904	39,904
Depreciation charged in the year	-	10,620	10,620
At 31 March 2018	-	50,524	50,524
<b>Carrying amount</b>			
At 31 March 2018	137,749	47,991	185,740
At 31 March 2017	-	38,909	38,909

### 11 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	12	666,088	666,088

**Fixed asset investments not carried at market value**  
The investments in the subsidiaries are stated at cost.

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 April 2017 & 31 March 2018	666,088
<b>Carrying amount</b>	
At 31 March 2018	666,088
At 31 March 2017	666,088



# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 12 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Intellect Design Arena Chile Limitada	Chile	Software Engineering	Ordinary	90.00	-
Intellect Design Arena Inc	Canada	Software Engineering	Ordinary	100.00	-

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Intellect Design Arena Chile Limitada	10,342	321,800
Intellect Design Arena Inc	(1,310,710)	(2,772,306)

### 13 Financial instruments

	2018 £	2017 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	12,316,779	14,275,068
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	14,111,247	7,367,435

### 14 Software work in progress

	2018 £	2017 £
Software work in progress	9,943,679	1,263,270

### 15 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	8,183,827	6,854,871
Corporation tax recoverable	161,450	-
Amounts owed by group undertakings	906,290	273,817
Other debtors	249,411	371,173
Prepayments and accrued income	201,881	223,092
	9,702,859	7,722,953

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 16 Current asset investments

	Notes	2018 £	2017 £
Loans to subsidiaries	12	2,977,251	6,775,207

### 17 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	287,442	156,682
Amounts due to group undertakings	8,694,590	1,850,209
Corporation tax	-	824,536
Other taxation and social security	809,695	1,147,901
Other creditors	79,411	88,609
Accruals and deferred income	5,049,804	5,271,935
	14,920,942	9,339,872

### 18 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	19	9,118	7,782

### 19 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2018 £	Liabilities 2017 £
<b>Balances:</b>		
Accelerated Capital Allowances	9,118	7,782
<b>Movements in the year:</b>		2018 £
Liability at 1 April 2017		7,782
Charge to profit or loss		1,336
Liability at 31 March 2018		9,118

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2018**

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**20 Retirement benefit schemes**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	<u>696,807</u>	<u>47,767</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**21 Share capital**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
889,000 Ordinary shares of £1 each	<u>889,000</u>	<u>889,000</u>
	<u>889,000</u>	<u>889,000</u>

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 22 Profit and loss reserves

	2018 £	2017 £
At the beginning of the year	10,063,533	4,237,671
(Loss)/profit for the year	(1,248,591)	5,825,862
At the end of the year	8,814,942	10,063,533

### 23 Operating lease commitments

#### Lessee

Operating lease payments represent rentals payable by the company for one of its properties. The lease has been negotiated for a term of two years and rentals are fixed for the same term.

At the reporting end date the company had commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	248,120	160,000
Between two and five years	992,480	-
	1,240,600	160,000

### 24 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2018 £	2017 £
Acquisition of tangible fixed assets	96,200	-

### 25 Directors' transactions

Advances or credits have been granted by the company to its directors as follows:

During the year, consultancy fees amounting to £183,214 (2017: £170,225) were payable to ONYX Global Consulting Limited, a company in which Mr Andrew Ralph England is a director.

Description	% Rate	Opening balance £	Interest charged £	Amounts repaid £	Closing balance £
Loan to a director	3.00	102,167	1,308	(103,475)	-
		102,167	1,308	(103,475)	-

# INTELLECT DESIGN ARENA LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

### 26 Ultimate parent company

The ultimate parent company is Intellect Design Arena Limited, a company registered in India and listed in Mumbai Stock Exchange.

### 27 Cash generated from operations

	2018 £	2017 £
(Loss)/profit for the year after tax	(1,248,591)	5,825,862
<b>Adjustments for:</b>		
Taxation charged	1,336	213,833
Finance costs	2,497	-
Investment income	(290,760)	(200,318)
Depreciation and impairment of tangible fixed assets	10,620	11,385
<b>Movements in working capital:</b>		
(Increase) in stocks	(8,680,409)	-
(Increase) in debtors	(1,920,623)	(4,584,112)
Increase in creditors	6,405,606	862,319
<b>Cash (absorbed by)/generated from operations</b>	<b>(5,720,324)</b>	<b>2,128,969</b>

**INTELLECT DESIGN ARENA LIMITED**  
**MANAGEMENT INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2018**

# INTELLECT DESIGN ARENA LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

		2018		2017
	£	£	£	£
<b>Turnover</b>				
Sales		41,595,669		33,677,941
<b>Cost of sales</b>				
Wages and salaries	6,657,098		6,886,101	
Software service and outsourcing charges	21,819,850		10,742,022	
Consultancy charges	9,751,583		7,196,229	
Directors' remuneration	339,180		300,951	
Commissions payable	327,778		395,283	
Travel, fares and mileage	399,522		515,182	
		(39,295,011)		(26,035,768)
<b>Gross profit</b>	5.53%	2,300,658	22.69%	7,642,173
<b>Administrative expenses</b>		(3,836,176)		(1,802,796)
<b>Operating (loss)/profit</b>		(1,535,518)		5,839,377
<b>Investment revenues</b>				
Bank interest received	726		315	
Other interest received	290,034		200,003	
		290,760		200,318
<b>Interest payable and similar expenses</b>				
Interest payable to group companies		(2,497)		-
<b>(Loss)/profit before taxation</b>	3.00%	(1,247,255)	17.93%	6,039,695

# INTELLECT DESIGN ARENA LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2018

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	2018	2017
	£	£
<b>Administrative expenses</b>		
Sales consultancy and business leads	450,292	426,345
Staff recruitment and work permits	200,822	187,762
Staff pension costs defined contribution	696,807	47,767
Rent, rates service charges and utilities	374,181	330,613
Guest house rent and services	38,679	23,162
Repairs, office maintenance and cleaning	38,017	42,649
Computer and internet link	41,869	34,328
Subscriptions and memberships	68,906	68,676
Legal and professional fees	107,839	205,940
Accountancy,VAT and payroll services	57,177	40,847
Non audit remuneration paid to auditors	-	2,750
Audit fees	23,834	23,000
Bank charges	4,816	2,693
Bad and doubtful debts	-	29,868
Insurance	18,866	16,111
Health Insurance	21,750	6,265
Printing and stationery	25,365	34,060
Business promotion and marketing events	446,811	802,300
Telephone	55,270	54,353
Entertaining	93,067	66,711
Sundry expenses	9,170	3,468
Depreciation	10,620	11,385
Profit on foreign exchange	1,052,018	(658,257)
	<hr/>	<hr/>
	3,836,176	1,802,796
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