

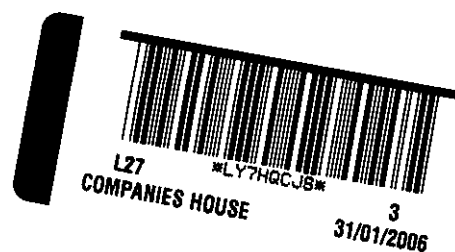
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WNS Global Services (UK) Limited

Report and Financial Statements

31 March 2005



WNS Global Services (UK) Limited

Registered No. 2292251

Directors

DC Tibble
AS Dunning

Secretary

J Walker

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers

Bank of Scotland Plc
35 Princes Street
Ipswich IP1 1AE

Barclays Bank Plc
PO Box 216
Brightwell Court
Martlesham Heath
Ipswich IP5 3PW

Business address

St. Vincent House
Ipswich
Suffolk IP1 1LL

Registered office

Acre House
11-15 William Road
London NW1 3ER

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

Results and dividends

The profit for the year after taxation amounted to £1,772,000 (2004 – £1,374,000). The directors do not recommend a dividend for the year (2004 – £nil).

Principal activities

The principal activity of the company is the handling and assessment of motor claims together with the provision of legal expenses insurance to motorists and client account management on behalf of a fellow group company.

Review of the business

The company continued to experience steady growth in the year ended 31 March 2005 and the directors are cautiously optimistic that this trend will continue.

Directors and their interests

The directors at 31 March 2005 and their beneficial interests in the shares of the company were:

	2005	2004
	<i>ordinary</i>	<i>ordinary</i>
	<i>shares of</i>	<i>shares of</i>
	<i>10p each</i>	<i>10p each</i>
A S Dunning.	–	–
D C Tibble	–	–

Creditor payment policy and practice

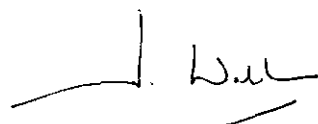
It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 March 2005, the company had an average of 44 days purchases outstanding in trade creditors.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary

13 July 2005

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

Independent auditors' report

to the members of WNS Global Services (UK) Limited

We have audited the company's financial statements for the year ended 31 March 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash Flows and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of WNS Global Services (UK) Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

13 July 2005

Profit and loss account

for the year ended 31 March 2005

		2005	(Restated) 2004
	Notes	£000	£000
Turnover	2	50,437	43,366
Cost of sales		(43,075)	(38,231)
Gross profit		7,362	5,135
Administration expenses		(5,008)	(4,493)
Operating profit	3	2,354	642
Interest receivable and similar income	6	126	199
Interest payable and similar charges	7	(38)	(31)
Gain on disposal of intangible assets		—	737
Profit on ordinary activities before taxation		2,442	1,547
Tax on profit on ordinary activities	8(a)	(670)	(173)
Profit on ordinary activity after taxation		1,772	1,374
Retained profit for the financial year		1,772	1,374
Retained profit brought forward		3,153	1,779
Retained profit carried forward		4,925	3,153

Statement of total recognised and losses

for the year ended 31 March 2005

There are no recognised gains or losses other than the profit of £1,772,000 attributable to the shareholders for the year ended 31 March 2005 (2004 – £1,374,000).

All of the operations are considered to be continuing.

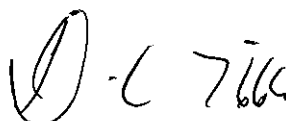
Balance sheet

at 31 March 2005

	Notes	2005 £000	2004 £000
Fixed assets			
Tangible assets	9	1,570	1,341
		<u>1,570</u>	<u>1,341</u>
Current assets			
Work in progress	10	93	132
Debtors	11	22,252	19,788
Cash at bank and in hand		5,682	3,337
		<u>28,027</u>	<u>23,257</u>
Creditors: amounts falling due within one year	12	(24,541)	(21,314)
Net current assets		<u>3,486</u>	<u>1,943</u>
Total assets less current liabilities		<u>5,056</u>	<u>3,284</u>
Net assets		<u>5,056</u>	<u>3,284</u>
Capital and reserves			
Called up share capital	15	51	51
Share premium account	15	25	25
Capital redemption reserve	15	55	55
Profit and loss account	15	4,925	3,153
Equity shareholders' funds		<u>5,056</u>	<u>3,284</u>

These financial statements were approved by the Board of directors on 13 July 2005
and were signed on its behalf by:

Director



Statement of cash flows

for the year ended 31 March 2005

	<i>Notes</i>	<i>2005 £000</i>	<i>2004 £000</i>
Net cash inflow from operating activities	16	3,543	2,509
Returns on Investment and servicing of finance			
Interest paid		(38)	(29)
Interest received		126	199
Interest element of hire purchase and finance lease rentals		–	(2)
		88	168
Taxation			
UK corporation tax paid		(353)	(773)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(933)	(1,356)
Payments to acquire intangible assets		–	(1,278)
Receipts from sale of intangible assets		–	2,015
		(933)	(619)
Increase in cash	17	2,345	1,285

Notes to the financial statements

at 31 March 2005

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

In preparing the financial statements for the current year, the directors have changed the classification of expenses between cost of sales and administration expenses to more appropriately report the financial results of the company. Accordingly, the 2004 comparative profit and loss account has been restated to increase cost of sales and decrease administration expenses by £6,200,000 respectively.

Turnover

Turnover represents the invoiced value of services provided net of VAT. Income from policies written is credited to the profit and loss account over the period of the cover. Claims handling income is credited to the profit and loss account over the period of the claim.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of the related assets as follows:

Buildings improvements	–	25%
Computer equipment & software	–	33 – 50%
Fixtures, fittings & equipment	–	25%
Motor vehicles	–	25%

Leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Work in progress

Work in progress represents the costs incurred to date with claims outstanding at the year end and is stated at the lower of cost and net realisable value.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Full provision is made for deferred tax on all material 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, or a right to pay less, tax in the future have occurred at the balance sheet date.

Deferred tax assets are recognised where their recovery is considered more likely than not in that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is calculated on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse.

Notes to the financial statements

at 31 March 2005

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

2. Turnover

The total turnover for the company for the year has been derived from its principal activity, wholly undertaken in the United Kingdom.

3. Operating profit

Operating profit is stated after charging:

	2005 £000	2004 £000
Depreciation of owned tangible fixed assets	704	479
Operating lease rentals	663	525
Exchange differences	94	38
Auditors' remuneration	27	27
	<u> </u>	<u> </u>

4. Directors' emoluments

	2005 £000	2004 £000
Emoluments	300	454
Company contributions to defined contribution pension schemes	21	32
	<u> </u>	<u> </u>
	321	486
	<u> </u>	<u> </u>

Retirement benefits are accruing to 1 (2004 – 3) director under a money purchase pension scheme. The amounts disclosed above include the following amounts in respect of the highest paid director:

	2005 £000	2004 £000
Emoluments	155	162
Company contributions to defined contribution pension schemes	21	20
	<u> </u>	<u> </u>
	176	182
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 March 2005

5. Staff costs

	2005 £000	2004 £000
Wages and salaries	6,931	5,065
Social security costs	451	308
Other pension costs	241	150
	<u>7,623</u>	<u>5,523</u>

The average number of employees during the year was:

Selling and distribution	278	186
Office management	22	18
	<u>300</u>	<u>204</u>

6. Interests receivable and similar income

	2005 £000	2004 £000
Interest receivable and similar income	126	199
	<u>126</u>	<u>199</u>

7. Interest payable and similar charges

	2005 £000	2004 £000
Interest payable on:		
Other loans	38	29
Finance lease and hire purchase contracts	—	2
	<u>38</u>	<u>31</u>

8. Taxation

(a) Tax on profit on ordinary activities

	2005 £000	2004 £000
Current tax	689	121
Deferred tax	(19)	52
	<u>670</u>	<u>173</u>

Notes to the financial statements

at 31 March 2005

8. Taxation (continued)

(b) Factors affecting the tax charge for the year

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2004 – 30%). The differences are reconciled below:

	2005 £000	2004 £000
Profit before tax	2,442	1,547
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 – 30%)	733	464
Expenses not deductible for tax purposes	7	66
Depreciation in excess/(deficit) of capital allowances	28	(1)
Adjustments in respect of prior periods	(16)	(110)
Utilisation of tax losses brought forward	(63)	(107)
Capital gains	–	(191)
Total current tax charge	689	121

9. Tangible assets

	<i>Leasehold building improvements</i> £000	<i>Plant and machinery</i> £000	<i>Fixtures, fittings & equipment</i> £000	<i>Capital work in progress</i> £000	<i>Total</i> £000
Cost:					
At 31 March 2004	122	2,598	519	–	3,239
Additions	18	730	147	38	933
At 31 March 2005	140	3,328	666	38	4,172
Depreciation:					
At 31 March 2004	91	1,492	315	–	1,898
Provided during the year	18	600	86	–	704
At 31 March 2005	109	2,092	401	–	2,602
Net book value:					
At 31 March 2005	31	1,236	265	38	1,570
At 31 March 2004	31	1,106	204	–	1,341

Notes to the financial statements

at 31 March 2005

10. Work in progress

	2005	2004
	£000	£000
Work in progress	93	132

11. Debtors

	2005	2004
	£000	£000
Trade debtors	9,250	6,478
Amounts due from group undertakings	6,612	7,125
Amounts due from immediate parent undertaking	4,949	4,939
Other debtors	954	824
Prepayments and accrued income	409	281
Deferred tax asset (note 13)	78	59
Corporation tax	—	82
	22,252	19,788

12. Creditors: amounts falling due within one year

	2005	2004
	£000	£000
Trade creditors	7,810	7,794
Amounts owed to group undertakings	10,143	9,170
Amounts owed to immediate parent undertaking	2,042	1,909
Corporation tax	255	—
Other taxation	501	217
Other creditors	2,072	986
Accruals and deferred income	1,718	1,238
	24,541	21,314

Notes to the financial statements

at 31 March 2005

13. Deferred taxation

	2005 £000	2004 £000
<i>Deferred tax assets</i>		
Depreciation in excess of capital allowances	78	22
Other timing differences	–	37
	<u>78</u>	<u>59</u>

14. Share capital

	2005 £000	2004 £000
<i>Authorised</i>		
1,000,000 ordinary shares of 10p each	100	100
100,000 redeemable preference shares of £1 each	100	100
	<u>£000</u>	<u>£000</u>
<i>Allotted, called up and fully paid</i>		
505,050 ordinary shares of 10p each	51	51

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	Share premium amount £000	Capital redemption reserve £000	Profit and loss account £000	Total share- holders funds £000
At 1 April 2003	51	25	55	1,779	1,910
Profit for the year	–	–	–	1,374	1,374
At 31 March 2004	51	25	55	3,153	3,284
Profit for the year	–	–	–	1,772	1,772
At 31 March 2005	51	25	55	4,925	5,056

Notes to the financial statements

at 31 March 2005

16. Net cash inflow from operating activities

	2005 £000	2004 £000
Operating profit	2,354	642
Depreciation of tangible fixed assets	705	479
Decrease in work in progress	39	65
Increase in debtors	(2,527)	(13,062)
Increase in creditors	2,972	14,385
	<u>3,543</u>	<u>2,509</u>

17. Reconciliation of net cash flow to movement in net cash

	2005 £000	2004 £000
Increase in cash in the year	2,345	1,285
Change in net cash arising from cash flows	<u>2,345</u>	<u>1,285</u>
Movement in net cash	2,345	1,285
Net cash at beginning of the year	3,337	2,052
Net cash at the end of the year	<u>5,682</u>	<u>3,337</u>

18. Analysis of net cash

	At 1 April 2004 £000	Cash flow £000	At 31 March 2005 £000
Cash at bank and in hand	3,337	2,345	5,682
	<u>3,337</u>	<u>2,345</u>	<u>5,682</u>

19. 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 company to the fund and amounted to £241,000 (note 5) (2004 – £150,000).

Notes to the financial statements

at 31 March 2005

20. Other Financial commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Expiry date:				
Within one year	90	—	21	72
Between two and five years	152	217	217	268
More than five years	142	153	—	—
	<u>384</u>	<u>370</u>	<u>238</u>	<u>340</u>

21. Related Party Transactions

The following related party transactions for the year ended 31 March 2004 related to two former directors who resigned as directors of the company in the year ended 31 March 2004.

Accident & Credit (Property) Limited

As at 31 March 2004 Accident & Credit (Property) Limited, a company in which TTM Agnew is a director owed the company £5,000.

Practical Car & Van Rental Limited

As at 31 March 2004 the company owed £4,000 to Practical Car & Van Rental Limited, a company in which B Agnew was a director and had a material interest.

Flovate Ltd (previously known as Idoink Limited)

As at 31 March 2004 the company owed £195,000 to Flovate Limited, a company in which TTM Agnew held a material interest.

22. Ultimate parent undertaking

The company's immediate and ultimate parent undertaking is WNS (Holdings) Limited, a company incorporated in Jersey.

The smallest and largest group in which the results of WNS Global Services (UK) Limited are consolidated, is WNS (Holdings) Limited, a company incorporated in Jersey.