2292251

WNS Global Services (UK) Limited

Report and Financial Statements

31 March 2006

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
24 Hills Road
Cambridge CB2 1BS

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

Business address
St. Vincent House
1, Cutler Street
Ipswich
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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 2006.

Results and dividends

The profit for the year after taxation amounted to £ 2,396,000 (2005 restated – £1,525,000). The directors do not recommend a dividend for the year ended 31 March 2006 (2005 – £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 2006 and the directors are cautiously optimistic that this trend will continue.

Principal risks and uncertainties

The company has two very large clients and if there was a change of ownership, the long term relationship could be affected. The company relies on its software systems which have immediate access to its clients and suppliers and any long term breakdown in this would have an adverse affect on the business. To a lesser extent, the company is the principle in the repair process and if a large client got into financial difficulties, preventing the company from recharging the costs, it could be left with bad debt.

Key Performance Indicators

The company's Key Performance Indicators (KPIs) are number of claims and repairs in a year. In the year 31 March 06, the number of claims handled increased from 196,406 to 222,979 and the number of repairs handled from 106,053 to 139,275.

Directors and their interests

The directors of the company during the year were as listed on page 1.

According to the register maintained as required under the Companies Act 1985, the Directors' interests in the share capital of the company which require disclosure in these accounts were as follows:

	Ordinary shares		Share options	
	31 March 2006	1 April 2005	31 March 2006	1 April 2005
Steve Dunning	400,000	-	-	-
David Tibble	1,088,182	954,848	-	133,334

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 2006, the company had an average of 57 days purchases outstanding in trade creditors.

Directors' report

Political and charitable contributions

During the year, the company made no political or charitable contributions.

Directors' statement as to disclosure of information to Auditors

Having made enquiries of fellow directors and of the company's auditors, each of the directors confirms that:

To the best of each directors' knowledge and belief, there is no relevant audit information of which the company's auditors are unaware; and

Each director has taken all the steps a director might be reasonably expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

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

J. Wall

Secretary

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

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 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 22. These financial statements have been prepared under 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
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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 judgments 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.

Opinion
In our opinion:
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Ernst & Young LLP
Ernst & Young LLP
Registered Auditor
London
31 JANUARY 2007

Profit and Loss Account

for the year ended 31 March 2006

	Notes	2006 £000	(Restated) 2005 £000
Turnover	2	48,457	49,812
Cost of sales		(39,095)	(43,002)
Gross Profit		9,362	6,810
Administration expenses		(5,952)	(4,766)
Operating Profit	3	3,410	2,044
Interest receivable and similar income	6	128	126
Interest payable and similar charges	7	(29)	(82)
Profit on ordinary activities before taxation		3,509	2,088
Tax on profit on ordinary activities	8(a)	(1,113)	(563)
Profit on ordinary activity after taxation		2,396	1,525
Retained Profit for the financial year		2,396	1,525
Retained profit brought forward		4,470	2,945
Retained profit carried forward		6,866	4,470

Statement of Total Recognised Gains and Losses

for the year ended 31 March 2006

	2006 £000	(Restated) 2005 £000
Profit for the financial year	2,396	1,525
Total recognised gains and losses relating to the year	2,396	1,525
Prior year adjustment (as explained in note 1)	(455)	
Total recognised gains and losses recognised since last annual report	1,941	

Balance Sheet

at 31 March 2006

	Notes	2006 £000	(Restated) 2005 £000
Fixed assets			
Tangible assets	9	1,663	1,760
		1,663	1,760
Current assets			
Debtors	10	26,872	24,669
Cash at bank and in hand		5,332	5,682
		32,204	30,351
Creditors: amounts falling due within one year	11	(26,869)	(27,403)
Net current assets		5,335	2,948
Total assets less current liabilities		6,998	4,708
Obligations under finance leases	12	(1)	(107)
Net assets		6,997	4,601
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	6,866	4,470
Equity shareholders' funds		6,997	4,601

These financial statements were approved by the Board of directors on January 31, 2007, and were signed on its behalf by:

D. C. Tiill

Director

Statement of cash flows

for the year ended 31 March 2006

	Notes	*2006* *£000*	*2005* *£000*
Net cash inflow from operating activities	16	1,476	4,028
Returns on investment and servicing of finance			
Interest paid		(29)	(82)
Interest received		128	126
		99	44
Taxation			
UK corporation tax paid		(879)	(353)
UK corporation tax refunded		96	–
		(783)	(353)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(975)	(1,220)
		(975)	(1220)
Financing			
Repayments of capital element of finance leases		(167)	(154)
		(167)	(154)
(Decrease)/increase in cash	17	(350)	2,345

Notes to the financial statements

at 31 March 2006

1. Accounting policies

Basis of preparation

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

b) Adoption of new UK GAAP financial reporting standards

In preparing the financial statements for the current year, the company has adopted FRS 21 'Events after the Balance Sheet Date' and FRS 28 'Corresponding Amounts'. The adoption of these standards has not required any revisions to the financial statements in either the current or prior periods.

c) During the year, the directors have carried out a review of the company's accounting policies. As a result, the directors consider that the following changes give a fairer presentation of the results and financial position of the company.

- Claims management income is recognised over the period in which the claim is handled, which is usually two to six months. This income was previously recognised over a three month period.
- The nature of certain leasing agreements require that they are accounted for as finance leases and these agreements have been capitalised on the company's balance sheet.
- The reclassification of Client Funds to creditors as at 31 March 2005, which were previously netted off against trade debtors.

These changes have resulted in the following prior year adjustments.

- The company's shareholders funds at 1 April 2005 have reduced by £208,000.
- The company's turnover and profit after tax for the year end 31 March 2005 have reduced by £625,000 and £247,000 respectively. The company's fixed assets at 31 March 2005 have increased by £190,000, debtors have increased by £2,417,000 and its creditors due in less than one year and creditors due after more than one year have increased by £2,862,000 and £107,000 respectively.

Turnover

Turnover represents the invoiced value of services provided net of VAT.

Turnover from claim management is recognised over the period during which the claim is settled, which is usually two to six months. Annual fees from customers for claim management contracts are recognised on a straight-line basis over the period of the contract. Turnover related to accident management includes the settlement from the customer / insurance company and the referral fee from the garages and other vendors. Such Turnover is recognised on a gross basis when the settlement from the insurance company is received.

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%
Fixtures, fittings & equipment	–	25%
Motor vehicles	–	25%

Notes to the financial statements

at 31 March 2006

Operating Leases

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

Finance Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and represent a constant proportion of the balance of capital repayments outstanding.

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.

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.

Notes to the financial statements

at 31 March 2006

2. Turnover

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

3. Operating Profit

Operating profit is stated after charging:

	2006	(Restated) 2005
	£000	£000
Depreciation of owned tangible fixed assets	894	684
Depreciation on leased assets	178	223
Operating lease rentals	504	421
Exchange differences	(42)	94
Auditors' remuneration	83	27

4. Directors' emoluments

	2006	2005
	£000	£000
Emoluments	330	300
Company contributions to defined contribution pension schemes	23	21
	353	321

Retirement benefits are accruing to 1 (2005 – 1) director under a money purchase pension scheme. The amounts disclosed above include the following amounts in respect of the highest paid director:

	2006	2005
	£000	£000
Emoluments	174	155
Company contributions to defined contribution pension schemes	23	21
	197	176

Notes to the financial statements

at 31 March 2006

5. Staff costs

	2006	*2005*
	£000	*£000*
Wages and salaries	7,236	6,931
Social security costs	504	451
Other pension costs	223	241
	7,963	7,623

The average number of employees during the year was:

Selling and distribution	258	278
Office management	29	22
	287	300

6. Interests receivable and similar income

	2006	*2005*
	£000	*£000*
Interest receivable and similar income	128	126

7. Interest payable and similar charges

	2006	*2005*
	£000	*£000*
Interest payable on:		
Finance Leases	23	44
Other loans	6	38
	29	82

8. Taxation

(a) Tax on profit on ordinary activities

		(Restated)
	2006	*2005*
	£000	*£000*
Current tax	995	689
Deferred tax	118	(126)
	1,113	563

Notes to the financial statements

at 31 March 2006

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 higher than the standard rate of corporation tax in the UK of 30% (2005 – 30%). The differences are reconciled below:

	2006 £000	(Restated) 2005 £000
Profit before tax	3,509	2,088
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 – 30%)	1,053	626
Expenses not deductible for tax purposes	60	7
Depreciation in excess of capital allowances	76	28
Other timing differences	(194)	107
Adjustments in respect of prior periods	–	(16)
Utilisation of tax losses brought forward	–	(63)
Total current tax charge	995	689

9. Tangible assets

	Leasehold building improvements	*Plant & machinery*	*Fixtures, fittings & equipment*	*Leased assets*	*Capital work in progres*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*
Cost						
At 31 March 2005	140	3,213	665	762	38	4,818
Additions	-	818	77	-	80	975
Disposals	(87)	(1,234)	(270)	-	-	(1,591)
At 31 March 2006	53	2,796	472	762	118	4,202
Depreciation						
At 31 March 2005	109	2,054	401	494	-	3,058
Provided during the year	15	790	89	178	-	1,072
Disposals	(87)	(1,234)	(270)	-	-	(1,591)
At 31 March 2006	37	1,610	220	672	-	2,539
Net book value						
At 31 March 2006	16	1,187	252	90	118	1,663
At 31 March 2005	31	1,159	264	268	38	1,760

Notes to the financial statements

at 31 March 2006

10. Debtors

	2006 £000	(Restated) 2005 £000
Trade debtors	9,928	11,473
Amounts due from group undertakings	10,391	6,612
Amounts due from immediate parent undertaking	5,361	4,949
Other debtors	516	954
Prepayments and accrued income	522	409
Deferred tax asset (note 13)	154	272
	26,872	24,669

11. Creditors: amounts falling due within one year

	2006 £000	(Restated) 2005 £000
Trade creditors	6,984	7,810
Amounts owed to group undertakings	11,795	10,143
Amounts owed to immediate parent undertaking	1,792	2,042
Client funds	1,746	2,223
Corporation tax	467	255
Other taxation	291	501
Other creditors	1,672	2,072
Finance lease obligations (note 12)	106	167
Accruals and deferred income	2,016	2,190
	26,869	27,403

12. Obligations under finance leases

The maturity of the amounts is as follows:

	2006 £000	2005 £000
Amounts payable:		
Within one year	111	190
Between two and five years	1	112
	112	302
Less: finance charges allocated to future periods	(5)	(28)
	107	274

Finance leases are analysed as follows:

	2006 £000	2005 £000
Current obligations	106	167
Non current obligations	1	107
	107	274

Notes to the financial statements

at 31 March 2006

13. Deferred taxation

	2006	(Restated) 2005
	£000	£000
Deferred tax assets		
Depreciation in excess of capital allowances	154	78
Other timing differences	-	194
	154	272

14. Share capital

	2006	2005
Authorised	£000	£000
1,000,000 ordinary shares of 10p each	100	100
100,000 redeemable preference shares of £1 each	100	100

Allotted, called up and fully paid	£000	£000
505,050 ordinary shares of 10p each	51	51

15. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Share premium amount	Capital redemption reserve	Profit and loss account	Total share-holders funds
	£000	£000	£000	£000	£000
At 1 April 2004	51	25	55	3,153	3,284
Prior year adjustment (note 1)	–	–	–	(208)	(208)
As restated	–	–	–	2,945	3,076
Profit for the year	–	–	–	1,525	1,525
At 31 March 2005	51	25	55	4,470	4,601
Profit for the year	–	–	–	2,396	2,396
At 31 March 2006	51	25	55	6,866	6,997

Notes to the financial statements

at 31 March 2006

16. Net cash inflow from operating activities

	2006 £000	(Restated) 2005 £000
Operating profit	3,410	2,044
Depreciation	1,072	1,092
Increase in debtors	(2,321)	(4,619)
(Decrease)/Increase in creditors	(685)	5,511
	1,476	4,028

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

	2006 £000	2005 £000
(Decrease) / increase in cash in the year	(350)	2,345
Change in net cash arising from cash flows	(350)	2,345
Movement in net cash	(350)	2,345
Net cash at beginning of the year	5,682	3,337
Net cash at the end of the year	5,332	5,682

18. Analysis of net cash

	At 1 April 2005 £000	Cash flow £000	At 31 March 2006 £000
Cash at bank and in hand	5,682	(350)	5,332
	5,682	(350)	5,332

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 £223,000 (note 5) (2005 – £241,000).

Notes to the financial statements

at 31 March 2006

20. Other financial commitments

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as set out below:

		(Restated)		*(Restated)*
	Land and buildings			*Other*
	2006	*2005*	*2006*	*2005*
	£000	*£000*	*£000*	*£000*
Expiry date:				
Within one year	257	369	61	43
Between two and five years	539	848	55	41
More than five years	–	59	–	–
	796	1,276	116	84

21. Related Party Transactions

During the year, the Chief Executive Officer of the company was also the Executive Chairman of Flovate Technologies.

	2006	*2005*
	£000	*£000*
Purchases during the year	1,571	1,783
Creditor as at 31 March	284	288

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. Group accounts of WNS (Holdings) Limited, which include the company, can be obtained by writing to the Secretary, WNS (Holdings) Limited, 22 Grenville Street, St Helier, Jersey JE4 8PX.