

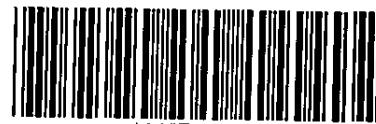
**3i Infotech (Western Europe)  
Limited**

Report and Financial Statements

Year Ended

31 March 2011

Company Number 2760212



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# **3i Infotech (Western Europe) Limited**

**Report and financial statements  
for the year ended 31 March 2011**

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## **Directors**

A Chintopanth  
I Hallam

## **Secretary and registered office**

G Jagadeesh, Level 35, Mail Drop CGC 35-02, 25 Canada Square, Canary Wharf, London, E14 5LQ

## **Company number**

2760212

## **Auditors**

BDO LLP, 125 Colmore Row, Birmingham, B3 3SD

# **3i Infotech (Western Europe) Limited**

## **Report of the directors for the year ended 31 March 2011**

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The directors present their report together with the audited financial statements for the year ended 31 March 2011

### **Results and dividends**

The profit and loss account is set out on page 7 and shows the loss for the year

The directors do not recommend the payment of a dividend (2009 nil)

### **Principal activities, review of business and future developments**

The company's principal activity is the provision of software and services to the international banking and securities markets, particularly with regard to its investment management and stockbroking products

### **Business Review**

Revenues are generated from the licensing and maintenance of software products, the intellectual property is owned by the company or its parent. These products need to be implemented for use by a client, and implementation work is usually chargeable, either as a fixed price contract or time and materials. Another source of revenue is from the range of additional services that the company provides. Sometimes clients who use products need bespoke developments to support their business, and these are charged as either fixed price or time and materials projects. In other cases the Company provides hardware operations services to run the software products, if the client wants to outsource this rather than do it themselves. The Company also provides entirely bespoke services for clients who want to hire professional skills to work on their existing systems, or undertake new developments on their behalf.

The major cost in the Company is therefore the staff that create and maintain the software products, or provide the services. Costs include salary and bonus, travel and subsistence, as well as office accommodation and systems on which to work. In order to promote the products and services available, the Company employs sales staff and runs a range of marketing activities, targeting the prospective clients.

Generally, the Company provides products and services to the Financial Services Industry, in the Western European market. The core sectors served are Banking, Insurance, Asset Management, Wealth management and Private Client stock broking.

The Company now manages the whole of the Western European Market on behalf of the parent, acting as a channel for products and services from 3i Infotech staff globally, and especially in India, as well as from staff based in the UK.

The global financial downturn and recession experienced in recent years has had a continued impact on the company in the 2011 financial year as the business adapted to a drop in market activity and confidence.

## **3i Infotech (Western Europe) Limited**

### **Report of the directors for the year ended 31 March 2011 (*continued*)**

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#### **Key performance indicators**

The Company's management regularly reviews various KPI's but in the main concentrate on variances between actual revenues and net margins against budgets, also on a monthly basis against prior month forecasts. Management accounts are reforecast on a monthly basis with in depth analysis against any major cost increases or revenue falls.

In the year ended 31 March 2011 the Company's turnover was virtually flat at £16,018k but there was a loss on activities before taxation of £165k, largely being due to the under recovery from the global financial down turn in the previous years. This compared to the previous year's loss of £20k.

#### **Principal risks and uncertainties**

The Company has a strong position in the UK market in the Asset Management, Wealth Management and private client stock broking markets, this has proven to be a resilient sector, even during the recent financial downturn albeit with limited growth potential. There is an opportunity for the selling of products and services from India and as a result several new lines of business have been launched catering for the Western European market. As these lines are relatively new there is higher risk, but there is a higher growth potential. Throughout 2011 the Company, in addition to the established product and associated services business, has continued to invest and develop the complimentary domain specific service lines. These offshore based services can be offered at attractive rates, compared to UK or Western Europe based competitors.

The two acquisitions made in FY 2008, for the Flagship and Framework products, whilst sitting outside the 3i Infotech (Western Europe) Ltd Company are a part of the Western European Group as a whole. They are both now fully integrated within the Group, well established products in their respective markets, and are relatively low risk business lines. This has been demonstrated by both products, despite the prevailing market conditions, prospering from sales during 2011 to new clients.

The major future uncertainty for the Company is the capability and confidence of the European Financial Services industry to invest in, or enhance, their systems infrastructure. The global financial down turn and economic recession experienced in recent times has had a material impact on the business and the rate at which the market recovers confidence is a future uncertainty. In order to protect the business, moving forward, a cost optimisation program has been conducted during the year. We are hopeful that this action coupled with the emergence of more definitive plans from organisations operating in our key sectors and markets will present us with new opportunities.

The Group's credit risk, which is mainly attributable to its trade debtors, is minimal, with no current bad debts and debtor days averaging between 30 - 32 days.

Cash flows are monitored daily as part of its normal control procedures. Regular forecasts control the Groups working capital requirements. There is an overdraft facility in place, and the Groups ultimate parent also provides funding support from time to time, if working capital is required.

## **3i Infotech (Western Europe) Limited**

### **Report of the directors for the year ended 31 March 2011 (*continued*)**

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#### **Going concern**

Notwithstanding the loss after tax of £134k (2010 £158k) the directors have prepared the accounts on the going concern basis. The directors have prepared cashflow and profit and loss forecasts for the four year period to 31 March 2015 which show that the directors have a reasonable expectation that the group will be able to meet its liabilities as they fall due for at least the 12 months from the date of approval of these accounts.

In addition, in the event that the group does need additional funding the directors have received written confirmation from the ultimate parent company, 3i Infotech Limited, that an appropriate level of funding support will continue to be offered for at least 12 months from the date of signing these financial statements. The ultimate parent company confirmed on March 21, 2012 that it has completed a Corporate Debt Restructuring (CDR), a mechanism agreed by the Reserve Bank of India to allow companies to agree a rescheduling of debt to support a company rather than that company defaulting on its debt. The CDR completed by the ultimate parent company involved converting a proportion of its debt to equity and the grant of an additional loan, giving the group the facilities and working capital to enable it to meet its liabilities as they fall due and provide support as necessary to its subsidiary. Further details can be found on the group's website [www.3i-infotech.com](http://www.3i-infotech.com)

#### **Employees**

It is the company's policy to develop employee involvement throughout the organisation and to ensure that they are aware of the financial and economic factors affecting the performance of the company. The company is committed to providing equality of opportunity to all existing and prospective employees without unlawful or unfair discrimination.

Employees are provided with regular information regarding the financial and economic factors affecting the performance of the company and other matters affecting them as employees through the company's established communication channels.

It is the company's policy that disabled persons should have the same opportunities for employment, training, career development and promotion as other employees, based upon their abilities and aptitudes.

#### **Directors**

The directors of the company during the year were

A Chintopanth

A Morris (resigned 15 March 2012)

J Aiken (resigned 21 December 2010)

I Hallam

## 3i Infotech (Western Europe) Limited

### Report of the directors for the year ended 31 March 2011 (*continued*)

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#### Directors' responsibilities

The directors are responsible for preparing the directors' 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,
- 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.

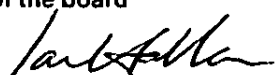
#### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

#### On behalf of the board

I Hallam

  
27/03/2012

Director

## **3i Infotech (Western Europe) Limited**

### **Independent auditor's report**

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#### **To the members of 3i Infotech (Western Europe) Limited**

We have audited the financial statements of 3i Infotech (Western Europe) Limited for the year ended 31 March 2011 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## 3i Infotech (Western Europe) Limited

### Independent auditor's report *(continued)*

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

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

- adequate accounting records have not been kept, 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

*BDO LLP*

Thomas Lawton (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Birmingham  
United Kingdom

*27 March 2012*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

### 3i Infotech (Western Europe) Limited

#### Profit and loss account for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
<b>Turnover</b>	2	16,018	16,241
Administrative expenses		16,072	16,140
		<u>          </u>	<u>          </u>
<b>Operating (loss)/profit</b>	3	(54)	101
Other interest receivable and similar income		-	27
Interest payable and similar charges	6	(111)	(148)
		<u>          </u>	<u>          </u>
<b>Loss on ordinary activities before taxation</b>		(165)	(20)
Taxation on loss on ordinary activities	7	31	(138)
		<u>          </u>	<u>          </u>
<b>Loss on ordinary activities after taxation</b>		(134)	(158)
		<u>          </u>	<u>          </u>

All amounts relate to continuing activities

All recognised gains and losses in the current and prior year are included in the profit and loss account

The notes on pages 9 to 20 form part of these financial statements

### 3i Infotech (Western Europe) Limited

#### Balance sheet at 31 March 2011

<b>Company number 2760212</b>	<b>Note</b>	<b>2011 £'000</b>	<b>2011 £'000</b>	<b>2010 £'000</b>	<b>2010 £'000</b>
<b>Fixed assets</b>					
Tangible assets	8		432		591
Fixed asset investments	9		7,995		7,995
			<u>8,427</u>		<u>8,586</u>
<b>Current assets</b>					
Debtors	10	23,210		20,508	
Cash at bank and in hand		2		2	
		<u>23,212</u>		<u>20,510</u>	
<b>Creditors' amounts falling due within one year</b>	11	<u>21,507</u>		<u>19,460</u>	
<b>Net current assets</b>			<u>1,705</u>		<u>1,050</u>
<b>Total assets less current liabilities</b>			<u>10,132</u>		<u>9,636</u>
<b>Creditors' amounts falling due after more than one year</b>	12		<u>2,719</u>		<u>2,161</u>
			<u>7,413</u>		<u>7,475</u>
<b>Capital and reserves</b>					
Called up share capital	14		2,000		2,000
Profit and loss account	15		5,413		5,475
<b>Shareholders' funds</b>	16		<u>7,413</u>		<u>7,475</u>

The financial statements were approved by the board of directors and authorised for issue on

  
I Hallam  
Director 27/03/2012

The notes on pages 9 to 20 form part of these financial statements

## 3i Infotech (Western Europe) Limited

### Notes forming part of the financial statements for the year ended 31 March 2011

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#### 1 Accounting policies

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

The following principal accounting policies have been applied

##### *Going concern*

Notwithstanding the loss after tax of £134k (2010 £158k) the directors have prepared the accounts on the going concern basis. The directors have prepared cashflow and profit and loss forecasts for the four year period to 31 March 2015 which show that the directors have a reasonable expectation that the group will be able to meet its liabilities as they fall due for at least the 12 months from the date of approval of these accounts

In addition, in the event that the group does need additional funding the directors have received written confirmation from the ultimate parent company, 3i Infotech Limited, that an appropriate level of funding support will continue to be offered for at least 12 months from the date of signing these financial statements. The ultimate parent company confirmed on March 21, 2012 that it has completed a Corporate Debt Restructuring (CDR), a mechanism agreed by the Reserve Bank of India to allow companies to agree a rescheduling of debt to support a company rather than that company defaulting on its debt. The CDR completed by the ultimate parent company involved converting a proportion of its debt to equity and the grant of an additional loan, giving the group the facilities and working capital to enable it to meet its liabilities as they fall due and provide support as necessary to its subsidiary

After making enquiries and considering uncertainties described above, the directors have a reasonable expectation that they can continue in operational existence for the foreseeable future. Accordingly the directors continue to adopt the going concern basis in preparing the financial statements

##### *Consolidated financial statements*

The financial statements contain information about 3i Infotech (Western Europe) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group

##### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates

Leasehold land and buildings	- over the life of the lease
Fixtures, fittings, tools and equipment	- 10 - 25% per annum

##### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment

##### *Impairment of fixed assets and goodwill*

The need for any fixed asset impairment write-down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use (see note 9 for further information)

## 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Turnover*

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Revenue from licences are recognised upon delivery to a customer when there are no significant vendor obligations remaining and the collection of the resulting receivable is considered probable. In circumstances where a considerable vendor obligation exists, revenue recognition is delayed until the obligation has been satisfied. Service revenue comprises revenues for maintenance, transaction processing and professional services. Maintenance and support contracts are recognised rateably over the period of the contract. Where multiple element contracts are entered into and the constituent parts do not stand alone, all revenues are spread over the period of the contract. Electronic data interchange and remote processing services are recognised monthly as work is performed. Professional services, such as implementation, training and consultancy, are recognised when the services are performed.

#### *Research*

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

#### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the directors anticipate making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### *Share-based payment*

When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

#### *Leased assets*

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

# 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

## 1 Accounting policies (*continued*)

### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by 3i Infotech (UK) Limited and the company is included in the consolidated financial statements

### *Related party disclosures*

The company is a wholly owned subsidiary of 3i Infotech Limited, a company incorporated in India, and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related party disclosures' not to disclose transactions with 3i Infotech Limited, a company incorporated in India, or other wholly owned subsidiaries within the group

## 2 Turnover

	2011 £'000	2010 £'000
Analysis by geographical market		
United Kingdom	15,618	16,000
Europe	340	154
Rest of the world	60	87
	<u>16,018</u>	<u>16,241</u>

Turnover is wholly attributable to the principal activity of the company

## 3 Operating (loss)/profit

	2011 £'000	2010 £'000
This is arrived at after charging		
Depreciation of tangible fixed assets	366	399
Hire of other assets - operating leases	780	651
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	36	34
Share-based payment (see note 17)	72	-
Non audit services	-	20
	<u></u>	<u></u>

### 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

#### 4 Employees

Staff costs (including directors) consist of

	2011 £'000	2010 £'000
Wages and salaries	7,448	7,754
Social security costs	837	860
Other pension costs	672	727
	<u>8,957</u>	<u>9,341</u>

The average number of employees (including directors) during the year was as follows

	2011 Number	2010 Number
Programming and support	107	118
Sales and marketing	10	14
Administration and management	21	25
	<u>138</u>	<u>157</u>

#### 5 Directors' remuneration

	2011 £'000	2010 £'000
Directors' emoluments	363	371
Company contributions to money purchase pension schemes	16	37
	<u></u>	<u></u>

There were 3 directors in the company's defined contribution pension scheme during the year (2010 - 3)

The total amount payable to the highest paid director in respect of emoluments was £143,020 (2010 - £187,035) Company pension contributions of £6,600 (2010 - £28,287) were made to a money purchase scheme on his behalf

#### 6 Interest payable and similar charges

	2011 £'000	2010 £'000
Bank loans and overdrafts	111	148
	<u></u>	<u></u>

### 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

#### 7 Taxation on loss on ordinary activities

	2011 £'000	2010 £'000
<i>UK Corporation tax</i>		
Adjustment in respect of previous periods	-	(12)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(31)	150
	<u>(31)</u>	<u>150</u>
Taxation on loss on ordinary activities	<u>(31)</u>	<u>138</u>

The tax assessed for the year is higher than/lower than the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2011 £'000	2010 £'000
Loss on ordinary activities before tax	<u>(165)</u>	<u>(20)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 28% (2010 - 28%)	(46)	(6)
Effect of		
Expenses not deductible for tax purposes	69	41
Depreciation for period in excess of capital allowances	52	81
Short term timing differences	27	(1)
Adjustment to tax charge in respect of previous periods	-	(12)
Group relief surrendered for nil payment	-	(8)
Utilisation of brought forward losses	(102)	(107)
	<u>-</u>	<u>(12)</u>
Current tax credit for the year	<u>-</u>	<u>(12)</u>

### 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

#### 8 Tangible fixed assets

	Leasehold land and buildings £'000	Fixtures and fittings £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2010	616	962	1,578
Additions	51	156	207
	<hr/>	<hr/>	<hr/>
At 31 March 2011	<b>667</b>	<b>1,118</b>	<b>1,785</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2010	330	657	987
Provided for the year	127	239	366
	<hr/>	<hr/>	<hr/>
At 31 March 2011	<b>457</b>	<b>896</b>	<b>1,353</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2011	<b>210</b>	<b>222</b>	<b>432</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2010	286	305	591
	<hr/>	<hr/>	<hr/>

### 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 *(continued)*

#### 9 Fixed asset investments

	Group undertakings £'000
<i>Cost</i>	
At 1 April 2010 and 31 March 2011	7,995

#### *Subsidiary undertakings, associated undertakings and other investments*

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
3i Infotech - Framework Limited	UK	100%	Software
3i Infotech (Flagship-UK) Limited (Formerly Exact Technical Services Limited)	UK	100%	Software

Unless otherwise stated, the following figures have been extracted from audited financial statements for the year ended 31 March 2011

	Aggregate share capital and reserves		Profit for the year
	2011	2010	2011 2010
3i Infotech - Framework Limited	(3,864)	(2,865)	(999) (1,789)
3i Infotech (Flagship-UK) Limited (Formerly Exact Technical Services Limited)	656	494	162 (14)

The group test for impairment if there are indicators that the investment might be impaired and given the losses incurred this year there has been a formal test for impairment. When testing for impairment the group assesses the value in use by discounting future expected cash flows. These calculations are based on budgets approved by the directors, which show a return to significant levels of profitability and positive cash inflow in future years, and an appropriate discount rate. The discount rate used by the group in these calculations in the year ended 31 March 2011 was 12%. On this basis the directors are satisfied that no impairment is required against the fixed asset investment but will keep the valuation monitored in future years.

### 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

#### 10 Debtors

	2011 £'000	2010 £'000
Trade debtors	1,196	1,185
Amounts owed by group undertakings	18,749	16,502
Prepayments and accrued income	3,020	2,607
Deferred taxation	245	214
	<hr/>	<hr/>
	23,210	20,508
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year

	Deferred taxation £'000
At 1 April 2010	214
Credited to profit and loss account	31
	<hr/>
At 31 March 2011	245
	<hr/>

#### *Deferred taxation*

	2011 £'000	2010 £'000
The amount of deferred tax provided for is as follows		
Unutilised tax losses	245	214
	<hr/>	<hr/>
	245	214
	<hr/>	<hr/>

### 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

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

	2011 £'000	2010 £'000
Bank loans and overdrafts	174	209
Trade creditors	907	639
Amounts owed to group undertakings	13,141	11,891
Taxation and social security	1,304	594
Accruals and deferred income	5,981	6,127
	<u>21,507</u>	<u>19,460</u>

#### 12 Creditors: amounts falling due after more than one year

	2011 £'000	2010 £'000
Accruals and deferred income	<u>2,719</u>	<u>2,161</u>

#### 13 Pensions

The company provides benefits to its employees through a group personal pension scheme. The pension cost charge for the year represents contributions payable to the scheme and amounted to £672,000 (2010 - £727,000).

Outstanding contributions of £88,018 were included in creditors at 31 March 2011 (2010 - £887).

#### 14 Share capital

	2011 £'000	2010 £'000
<i>Allotted, called up and fully paid</i>		
2,000,000 ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

### 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

#### 15 Reserves

	Profit and loss account £'000
At 1 April 2010	5,475
Loss for the year	(134)
Share-based payment	72
	<hr/>
At 31 March 2011	<b>5,413</b>
	<hr/>

#### 16 Reconciliation of movements in shareholders' funds

	2011 £'000	2010 £'000
Loss for the year	(134)	(158)
Share-based payment	72	-
	<hr/>	<hr/>
Net deductions from shareholders' funds	(62)	(158)
Opening shareholders' funds	7,475	7,633
	<hr/>	<hr/>
Closing shareholders' funds	<b>7,413</b>	<b>7,475</b>
	<hr/>	<hr/>

## 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (continued)

### 17 Share-based payments

The companies ultimate parent company 3i Infotech Limited operates an employee stock option scheme for employees. Employees are eligible when they are a permanent employee of the company working in or out of India or an employee of a subsidiary of the company in India.

Vesting conditions are stipulated in the award confirmation, thus being 20% in year 1, 30% in year 2 and 50% in year 3. The vested options can be exercised within 1-3 years from the date of the grant.

	2011	2011	2010	2010
	Weighted average exercise price(pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	2	857,600	2	1,247,000
Granted during the year	-	-	2	265,000
Forfeited during the year	-	-	1	(550,000)
Lapsed during the year	1	(47,600)	2	(104,400)
	<u>2</u>	<u>810,000</u>	<u>2</u>	<u>857,600</u>
Outstanding at the end of the year	2	810,000	2	857,600

The exercise price of options outstanding at the year end ranged between 2p and 1p and their weighted average contractual life was 2.0 years (2010 - 3 years).

Of the total number of options outstanding at the year end 510,500 (2010 - 212,600) had vested and were exercisable at the end of the period.

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by 3i Infotech Limited.

	2011	2010
<b>Equity-settled</b>		
Option pricing model used	Black-Scholes	Black-Scholes
Weighted average exercise price at grant date (pence)	2	2
Exercise price (pence)	2	2
Weighted average contractual life (days)	776	730
Expected volatility	53.83 %	53.60 %
Risk-free interest rate	6.08 %	6.05 %
Expected dividend growth rate	1.62 %	1.00 %

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last year.

The share-based remuneration expense (note 3) comprises

	2011 £'000	2010 £'000
Equity-settled schemes	72	-

## 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2011 (*continued*)

### 17 Share-based payments (*continued*)

The group did not enter into any share-based payment transactions with parties other than employees during the current or previous period

### 18 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2011 £'000	Land and buildings 2010 £'000
Operating leases which expire		
Within one year	13	13
In two to five years	674	764
	<hr/>	<hr/>
	687	777
	<hr/>	<hr/>

### 19 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of 3i Infotech (Western Europe) Group Limited, a company incorporated in the United Kingdom

The largest group in which the results of the company are consolidated is that headed by 3i Infotech Limited, a public company incorporated in India. The smallest group in which they are consolidated is that headed by 3i Infotech (UK) Limited, incorporated in the United Kingdom

The consolidated financial statements of this company are available to the public and may be obtained from CFO Office, 6th Floor Akruji Centre Point, MIDC Central Road, Next to Maori Telephone Exchange, Andheri (East), Mumbai, 300 093, India