

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

Report and Financial Statements

Year Ended

31 March 2012

Company Number 02760212

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

**Report and financial statements  
for the year ended 31 March 2012**

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## **Directors**

I Hallam  
C Attra  
G Jagadeesh  
P Iyer

## **Secretary and registered office**

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

## **Company number**

02760212

## **Auditors**

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

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

## **Report of the directors for the year ended 31 March 2012**

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The directors present their report together with the audited financial statements for the year ended 31 March 2012

### **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 (2011 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 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 2012 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 2012 (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 2012 the Company's turnover dropped to £14,561k from £16,018k in 2011. The drop in turnover can be attributed to a lacking recovery of the financial services market and its impact on the clients budget spend. There was a loss on activities before taxation of £(6,927k) (47.6%), for the year ended 31 March 2012, largely being due to the reduction in turnover, coupled with lack in the recovery from the global financial down turn in the previous years and impairment of investments of £5,490k (refer to note 9 for details). This compared to the previous year's loss of £(165K) (1.0%).

Cash flow is monitored on a daily basis as part of normal control procedures. Regular forecasts control the Groups working capital requirements. An overdraft facility exists, with the Group's ultimate parent providing a full guarantee.

### **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 2012 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.

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 programs have been conducted during the year and the full impact of savings will be achieved during the course of next 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 - 35 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.

### **Funding and going concern**

The company incurred a loss after tax of £7,172,000 (2011: £134,000). The directors have received formal written confirmation from the directors of the ultimate parent company that they will continue to support the company for a period of no less than 12 months from the date of approval of these financial statements. Further information is set out in note 1 to the financial statements.

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

## **Report of the directors for the year ended 31 March 2012 (continued)**

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### **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 (resigned 17 May 2012)  
A Morris (resigned 15 March 2012)  
I Hallam  
C Attra (appointed 24 September 2012)  
G Jagadeesh (appointed 24 September 2012)  
P Iyer (appointed 17 May 2012)

### **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.

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

### **Report of the directors for the year ended 31 March 2012 (*continued*)**

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#### **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  
**Director**

21 March 2013

# **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 2012 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 2012 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

*TL*

*21 March 2013*

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

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 2012

	Note	Before exceptional item 2012 £'000	Exceptional item (see note 9) 2012 £'000	Total 2012 £'000	Total 2011 £'000
Turnover	2	14,561	-	14,561	16,018
Administrative expenses		15,962	5,490	21,452	16,072
<b>Operating loss</b>	3	<b>(1,401)</b>	<b>(5,490)</b>	<b>(6,891)</b>	<b>(54)</b>
Interest payable and similar charges	6			(36)	(111)
<b>Loss on ordinary activities before taxation</b>				<b>(6,927)</b>	<b>(165)</b>
Taxation on loss on ordinary activities	7			(245)	31
<b>Loss on ordinary activities after taxation</b>				<b>(7,172)</b>	<b>(134)</b>

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 19 form part of these financial statements

# 3i Infotech (Western Europe) Limited

## Balance sheet at 31 March 2012

<b>Company number 02760212</b>	<b>Note</b>	<b>2012 £'000</b>	<b>2012 £'000</b>	<b>2011 £'000</b>	<b>2011 £'000</b>
<b>Fixed assets</b>					
Tangible assets	8		262		432
Fixed asset investments	9		2,505		7,995
			<u>2,767</u>		<u>8,427</u>
<b>Current assets</b>					
Debtors	10	25,496		23,210	
Cash at bank and in hand		2		2	
		<u>25,498</u>		<u>23,212</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>24,159</u>		<u>21,507</u>	
<b>Net current assets</b>			<u>1,339</u>		<u>1,705</u>
<b>Total assets less current liabilities</b>			<u>4,106</u>		<u>10,132</u>
<b>Creditors: amounts falling due after more than one year</b>	12		<u>3,839</u>		<u>2,719</u>
			<u>267</u>		<u>7,413</u>
<b>Capital and reserves</b>					
Called up share capital	15		2,000		2,000
Profit and loss account	16		(1,733)		5,413
<b>Shareholders' funds</b>	17		<u>267</u>		<u>7,413</u>

The financial statements were approved by the board of directors and authorised for issue on 21 March 2013



I Hallam  
Director

The notes on pages 9 to 19 form part of these financial statements

# 3i Infotech (Western Europe) Limited

## Notes forming part of the financial statements for the year ended 31 March 2012

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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*

The company incurred a loss after tax of £7,172,000 (2011 £134,000). The directors have received formal written confirmation from the directors of the ultimate parent company that they will continue to support the company for a period of no less than 12 months from the date of approval of these financial statements

The ultimate parent company is currently under a Corporate Debt Restructuring process ("CDR"), a mechanism agreed by the Reserve Bank of India to allow and enforce the arrangements for a rescheduling of debt. The UK group's current banking facilities amount to £2.675m and are fully guaranteed by a third party bank in India. This guarantee is subject to the requirements of the CDR and under the CDR requirements the guarantee must be kept in place throughout the CDR process which can be extended to 2021 if necessary under the terms of the CDR. The group bank facilities are only made available under the protection of the guarantee and are due for renewal in May 2013. Should the group still be under the CDR at the renewal date the facility would be rolled forward with the continued guarantee. However the directors of the ultimate parent company are currently in the process of negotiating an exit from the CDR through the agreement of new group bank facilities which are expected to be put in place prior to the expiry of the current facilities. If this happens the parent company will provide a minimum funding of at least the £2.675m bank facility to the company to replace the current bank facility.

The directors have prepared detailed profit and cash flow forecasts for the group for the period to 31 March 2014, which show that the group will be able to operate within the currently agreed and expected to be available £2.675m facilities or funding for at least the 12 months from the date of approval of these financial statements.

Based on directors' discussions with the directors of the ultimate parent company the directors are satisfied that the appropriate guarantees to retain the current bank facilities or funding from the ultimate parent company will be made available to enable continued trading and the payment of debts as they fall due for the 12 months from the date of approval of these financial statements. On this basis the directors consider that it remains appropriate to prepare the accounts on the going concern basis.

#### *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 the EEA group accounts of a larger group.

#### *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.

## 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2012 (*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.

#### *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.

#### *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.

# 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2012 (*continued*)

## 1 Accounting policies (*continued*)

### *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

### *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

	2012 £'000	2011 £'000
Analysis by geographical market		
United Kingdom	13,983	15,618
Europe	458	340
Rest of the world	120	60
	<u>14,561</u>	<u>16,018</u>

Turnover is wholly attributable to the principal activity of the company

## 3 Operating loss

	2012 £'000	2011 £'000
This is arrived at after charging		
Depreciation of tangible fixed assets	274	366
Hire of other assets - operating leases	745	780
Auditors' remuneration - fees payable to the company's auditor for the audit of the company's annual accounts	36	36
Share-based payment (see note 19)	26	72
Impairment of investment	5,490	-
	<u>5,490</u>	<u>-</u>

### 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2012 (continued)

#### 4 Employees

Staff costs (including directors) consist of

	2012 £'000	2011 £'000
Wages and salaries	8,268	7,448
Social security costs	945	837
Other pension costs	749	672
	<u>9,962</u>	<u>8,957</u>

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

	2012 Number	2011 Number
Programming and support	106	118
Sales and marketing	10	14
Administration and management	22	25
	<u>138</u>	<u>157</u>

#### 5 Directors' remuneration

	2012 £'000	2011 £'000
Directors' emoluments	281	363
Company contributions to money purchase pension schemes	17	16
Compensation for loss of office	105	-
	<u>403</u>	<u>379</u>

There were 2 directors in the company's defined contribution pension scheme during the year (2011 - 3)

The total amount payable to the highest paid director in respect of emoluments was £235,760 (2011 - £143,020) Company pension contributions of £10,292 (2011 - £6,600) were made to a money purchase scheme on her behalf

## 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2012 (*continued*)

### 6 Interest payable and similar charges

	2012 £'000	2011 £'000
Bank loans and overdrafts	36	111
	<u>36</u>	<u>111</u>

### 7 Taxation on loss on ordinary activities

	2012 £'000	2011 £'000
<i>Deferred tax</i>		
Origination and reversal of timing differences	245	(31)
	<u>245</u>	<u>(31)</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to loss before tax

	2012 £'000	2011 £'000
Loss on ordinary activities before tax	(6,927)	(165)
	<u>(6,927)</u>	<u>(165)</u>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 26% (2011 - 28%)	(1,801)	(46)
Effect of		
Expenses not deductible for tax purposes	45	69
Depreciation for period in excess of capital allowances	51	52
Short term timing differences	56	27
Losses carried forward	222	-
Utilisation of brought forward losses	-	(102)
Impairment of investment	1,427	-
	<u>1,427</u>	<u>-</u>
Current tax charge for the year	-	-
	<u>-</u>	<u>-</u>

#### *Factors that may affect future tax charges*

The Chancellors Statement on 5 December 2012 announced that the UK corporation tax rate will reduce to 21% by 1 April 2014. The corporation tax had been expected to reduce to 25% from 1 April 2012 however the 2012 budget revised the rate to 24% with an expected rate of 23% to apply from 1 April 2013. This was substantively enacted 25 March 2012.

This will reduce the company's future current tax charge accordingly.

## 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2012 (*continued*)

### 8 Tangible fixed assets

	Leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
<i>Cost or valuation</i>			
At 1 April 2011	667	1,118	1,785
Additions	-	104	104
	<hr/>	<hr/>	<hr/>
At 31 March 2012	<b>667</b>	<b>1,222</b>	<b>1,889</b>
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2011	457	896	1,353
Provided for the year	114	160	274
	<hr/>	<hr/>	<hr/>
At 31 March 2012	<b>571</b>	<b>1,056</b>	<b>1,627</b>
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2012	<b>96</b>	<b>166</b>	<b>262</b>
	<hr/>	<hr/>	<hr/>
At 31 March 2011	<b>210</b>	<b>222</b>	<b>432</b>
	<hr/>	<hr/>	<hr/>



## 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2012 (*continued*)

### 9 Fixed asset investments

	Group undertakings £'000
<i>Cost</i>	
At 1 April 2011	7,995
Impairment adjustment	(5,490)
	<hr/>
At 31 March 2012	<b>2,505</b>
	<hr/>

*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	UK	100%	Software

Unless otherwise stated, the following figures have been extracted from audited financial statements for the year ended 31 March 2012

	Aggregate share capital and reserves		Profit for the year	
	2012	2011	2012	2011
3i Infotech - Framework Limited	(4,560)	(3,864)	(696)	(999)
3i Infotech (Flagship-UK) Limited	879	656	223	162
	<hr/>	<hr/>	<hr/>	<hr/>

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 2012 was 12.5%.

Following completion of an impairment review relating to the company's investments the directors have provided an impairment charge against the investment in 3i Infotech - Framework Limited. The Directors concluded that no impairment charge was required against the company's other investment.

### 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2012 (continued)

#### 10 Debtors

	2012 £'000	2011 £'000
Trade debtors	2,881	1,196
Amounts owed by group undertakings	19,451	18,749
Prepayments and accrued income	3,164	3,020
Deferred taxation (see note 13)	-	245
	<u>25,496</u>	<u>23,210</u>

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

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

	2012 £'000	2011 £'000
Bank loans and overdrafts	2,270	174
Trade creditors	1,054	907
Amounts owed to group undertakings	13,394	13,141
Taxation and social security	1,097	1,304
Accruals and deferred income	6,344	5,981
	<u>24,159</u>	<u>21,507</u>

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

	2012 £'000	2011 £'000
Accruals and deferred income	<u>3,839</u>	<u>2,719</u>

#### 13 Provisions for liabilities

	Deferred taxation £'000
Transferred from debtors	(245)
Charged to profit and loss account	<u>245</u>
At 31 March 2012	<u>-</u>

# 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2012 (*continued*)

## 14 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 £749,000 (2011 - £672,000)

Outstanding contributions of £92,000 were included in creditors at 31 March 2012 (2011 - £88,018)

## 15 Share capital

	2012 £'000	2011 £'000
<i>Allotted, called up and fully paid</i>		
2,000,000 ordinary shares of £1 each	2,000	2,000

## 16 Reserves

	Profit and loss account £'000
At 1 April 2011	5,413
Loss for the year	(7,172)
Share-based payment	26
At 31 March 2012	(1,733)

## 17 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Loss for the year	(7,172)	(134)
Share-based payment	26	72
Net deductions from shareholders' funds	(7,146)	(62)
Opening shareholders' funds	7,413	7,475
Closing shareholders' funds	267	7,413

## 3i Infotech (Western Europe) Limited

Notes forming part of the financial statements  
for the year ended 31 March 2012 (continued)

### 18 Contingent liabilities

As a member of the group headed by 3i Infotech Limited, a company incorporated in India, the company entered into a group facility on 20 March 2009. As a result the company is part guarantor to a group facility of \$65m and has also given a charge over material fixed assets held

The total amount outstanding under this arrangement at the year end was \$nil

### 19 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.

	2012	2012	2011	2011
	Weighted average exercise price(pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	2	810,000	2	857,600
Lapsed during the year	2	(197,000)	2	(47,600)
	<u>2</u>	<u>613,000</u>	<u>2</u>	<u>810,000</u>
Outstanding at the end of the year	<u>2</u>	<u>613,000</u>	<u>2</u>	<u>810,000</u>

The exercise price of options outstanding at the year end ranged between 2p and 1p and their weighted average contractual life was 2 years (2011 - 2 years)

Of the total number of options outstanding at the year end 480,500 (2011 - 510,500) 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

	2012	2011
<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	54.19 %	53.83 %
Risk-free interest rate	6.05 %	6.08 %
Expected dividend growth rate	1.58 %	1.62 %

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.

## 3i Infotech (Western Europe) Limited

**Notes forming part of the financial statements  
for the year ended 31 March 2012 (continued)**

### 19 Share-based payments (continued)

The share-based remuneration expense (note 3) comprises

	2012 £'000	2011 £'000
Equity-settled schemes	26	72
	<u>26</u>	<u>72</u>

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

### 20 Commitments under operating leases

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

	Land and buildings 2012 £'000	Land and buildings 2011 £'000
Operating leases which expire		
Within one year	-	13
In two to five years	674	674
	<u>674</u>	<u>687</u>

### 21 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 consolidated accounts of this company are available to the public and may be obtained from CFO office, 6th floor Akurati Centre Point, MIDC Central Road, next to Maori Telephone Exchange, Andheri (East), Mumbai 300 093 India

The smallest group in which they are consolidated is that headed by 3i Infotech (UK) Limited, incorporated in the United Kingdom