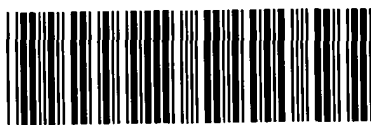


**Genpact (UK) Limited**  
**Report and Financial Statements**  
**Year Ended**  
**31 December 2018**

**Company Number 04217635**

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**Genpact (UK) Limited**  
**Report and Financial Statements**  
**For the year ended 31 December 2018**

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**Directors**

Mr Mazhari Ahmed

Mr Santosh Kallattu

Ms Sharon Thomas

**Registered office**

6 Lloyds Avenue, Suite 4CL, London, England, EC3N 3AX

**Company number**

Registered in England and Wales - 04217635

**Auditors**

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

**Genpact (UK) Limited**  
**Strategic Report**  
**For the year ended 31 December 2018**

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The directors present their strategic report for the year ended 31<sup>st</sup> December 2018.

Genpact (UK) Limited (the “Company”) is a wholly owned subsidiary of Genpact Global Holdings (Bermuda) Limited and ultimately a wholly-owned subsidiary of Genpact Limited, a publicly traded company. Genpact Limited, together with its subsidiaries, including the Company, is referred to herein as “Genpact.” The Company’s current focus remains on providing digitally-enabled information technology (“IT”) and business process outsourcing (“BPO”) services across the globe.

The Company reimagines and endeavors to transform its clients’ businesses by extending the power of digital all the way through the middle and back office where it can generate growth, cost efficiency and business agility. We put digital technology and analytics to work. Our approach is designed to help large enterprises with complex, often dated pre-existing operations to embrace the art of the possible in business and operational transformation.

#### **Business review**

The directors are pleased to report that 2018 was another successful year for the Company.

In 2018, the Company continued its principal activities of providing IT-related support, software implementation and support, transformation services, finance and accounting services and other business process services to its affiliates. Additionally, in late 2018 the Company became the primary client contracting and billing entity for the Company’s affiliated worldwide group pursuant to a transfer of customer contracts from Genpact International, Inc. (“GI”), an affiliate of the Company, to the Company (the “2018 Restructuring”), and since then the Company has entered into numerous client agreements with third-party clients, acting as the lead contracting entity for all client engagements on behalf of the Company and its affiliates. The Company uses the global business development personnel of its affiliates through subcontracts in place with these affiliates.

Management uses a range of performance indicators to monitor and manage the business. These performance indicators are comprised of financial and non-financial key performance indicators. As shown in the company’s profit and loss account, total revenues for 2018 increased by \$251.1M, or 260%, from the previous year (\$347.7M in 2018 compared to \$96.6M in 2017). The net asset position decreased by \$2.6M or 7%, from the previous year (\$34.3M in 2018 compared to \$36.9M in 2017). Increase in revenue is attributable to the Company’s new client contracting activity as a result of the 2018 Contract Restructuring.

Genpact manages business processes in multiple geographic regions, delivering services from a global network located in various countries, including in Australia, Brazil, China, Guatemala, India, Israel, Japan, Malaysia, Mexico, the Netherlands, the Philippines, Poland, Romania, Slovakia, the United Kingdom, and the United States. Prior to the effective date of the 2018 Restructuring, GI (a US entity) provided sales and marketing services focused on the growth of Genpact’s business globally. GI was the direct contracting entity under most contracts between Genpact and its clients. Services contracted by GI, as well as certain business functions, such as sales and marketing activities, were subcontracted to affiliates of GI depending on the location of a client or the services to be delivered.

In November and December 2018, the Company entered into various agreements with its affiliates:

- An Asset Purchase Agreement with Genpact International, LLC pursuant to which the Company acquired numerous client agreements along with the corresponding assets and liabilities for consideration of \$42.3M.
- A Membership Unit Purchase Agreement with Genpact USA, Inc., pursuant to which the Company acquired 100% of the outstanding equity interests in Genpact International, LLC for consideration of \$135.7M.
- A Master Subcontracting Services Agreements with all major service delivering affiliates of the Genpact group.

We also focussed on achieving operational efficiencies and cost control wherever possible.

We are cautiously optimistic about the future. Genpact’s end clients are under continued pressure to reduce costs. This provides Genpact an opportunity to intervene and sell various solutions aimed at reducing client operating costs. Our clients are also often interested in vendor consolidation to help them reduce costs. Our clients’ processes for onboarding new vendors are becoming more complex and time consuming. We are focusing on (i) expanding our relationships with existing clients in order to generate higher revenues and become preferred client partners and (ii) targeting for new business a smaller list of high priority prospective clients in industries where we have expertise.

**Genpact (UK) Limited**  
**Strategic Report**  
**For the year ended 31 December 2018**

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**Strategy, Objectives and Business model**

The Company is the principal UK operating company of the group of affiliated companies under the common ultimate ownership of Genpact Limited, a U.S.-listed public company that files periodic reports with the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934. The Directors have not presented a separate description of the Company's strategy, objectives or business model as this information has been disclosed as part of Genpact Limited's annual report on Form 10-K for the year ended 31 December 2018.

**Principal Risks and Uncertainties**

The Company is a global consulting and digitally-enabled professional services provider focusing on IT-related support, software implementation and support, transformation services, finance and accounting services and other business process services. The Company applies its vertical industry domain knowledge and extensive industry and client-specific process experience to provide digitally-enabled solutions for its clients that address important business opportunities and needs.

**Competitive pressures**

The Company's performance is largely dependent on its ability to compete successfully in the market by adapting to the needs of its global client base. Market share and the level of client spending could be affected by the emergence of new competitors, quality of services, pricing and reputation. Competitors may be able to, among other things:

- More successfully sell similar services;
- Innovate and develop new services and solutions faster than the Genpact group;
- Anticipate the need for services and solutions before the Company; or
- Offer more aggressive contractual terms, which may affect the Company's ability to sign profitable contracts.

**Impact of Brexit**

The Company's Brexit Committee, which is sponsored by Genpact's Global Leadership Council, has assessed the impact of Brexit (including a no-deal Brexit) on its clients, suppliers and employees. We have evaluated the risks across a range of areas, including restrictions on free movement and potential travel interruption, limitations on transfers of personal data, currency risks as well as barriers to trade between the EU and UK. The outcome of our analysis is that even in a "no-deal Brexit" scenario, given the global nature of our business, the location of our delivery centres, the type of services we deliver to our clients and services we receive from our suppliers, we don't envisage a material risk to our business and where we have seen that there are potential risks, we have taken all reasonable steps to mitigate their impact.

The company has numerous operating risks, including among others, relating to the retention of employees, competition in its market and currency fluctuations. Policies for managing each of these risks are implemented at the parent company level and apply to the Company and its affiliates. Certain of these risks are summarized below.

**Foreign currency risk**

The Company is exposed to foreign currency risk arising from sales or purchases by businesses in currencies other than its functional currency. The company manages this risk by operating its business transactions from local currency bank account. The Company also take steps to hedge a substantial portion of Indian rupee-U.S. dollar, euro-U.S. dollar, pound sterling-U.S. dollar, Australian dollar-U.S. dollar foreign currency exposures.

**Genpact (UK) Limited**

**Strategic Report  
For the year ended 31 December 2018**

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**Interest rate risk**

The Company manages its interest rate risk by financing its operations through a mixture of retained profits, cash balances and balances with group undertakings.

**Employee retention risk**

This risk is managed, among other practices, by continuous evaluation and improvement of job role and profile alignment, ensuring sufficient utilisation of employees, competitive pay and employee-friendly HR policies.

**By order of the board**



.....  
Sharon Thomas, Director  
Date- 22 January 2020  
Genpact (UK) Limited  
Registered no.: 04217635

## **Genpact (UK) Limited**

### **Director's report For the year ended 31 December 2018**

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The Directors present their report together with the audited financial statements for the year ended 31<sup>st</sup> December 2018.

A review of the business, including employee information, principal risks and uncertainties and key performance indicators are not included in this report as such information is included in the strategic report in accordance with S414C(11) of the Companies Act 2006.

#### **Principal activities**

The Company provides IT-related support, software implementation and support, transformation services, finance and accounting services and other business process services to its affiliates and to third-party clients worldwide.

#### **Directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Strategic Report, the Director's 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. The directors have overseen the preparation of the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under relevant law the directors must not approve the financial statements unless they are satisfied that the statements give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the applicable period.

In preparing these financial statements, the directors are required to ensure that:

- suitable accounting policies for the Company's financial statements are applied consistently;
- judgements and accounting estimates made are reasonable and prudent;
- the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the company will continue in business.
- applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for ensuring adequate accounting records are kept 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 to 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.

#### **Results and dividends**

The Company's profit for the year, after taxation, amounted to \$10.4M (2017: \$10M).

The directors did not recommend the payment of a dividend in 2018 (2017: \$nil).

#### **Directors**

The directors who held office during the year and up to the date of the Directors' Report were as follows:

Ahmed Mazhari  
Santosh Pushpangadan Kallattu  
Sharon Thomas

#### **Directors' indemnity insurance**

There are no directors' indemnification arrangements.

#### **Political and charitable contributions**

The Company made no political contributions in 2018 (2017: \$Nil).

**Genpact (UK) Limited**

**Director's report  
For the year ended 31 December 2018**

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**Going Concern**

The directors have considered the status of the Group and the Company as a going concern and are satisfied they will continue in business. The directors have received confirmation that the amounts due to group undertakings will only be settled when sufficient surplus funds exist and believe that the funding available to the Company is adequate to continue its operations for at least twelve months following the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts.

**Post Balance Sheet Event**

On 28th January 2019 the Company issued unsecured subordinated bonds to Genpact Limited at a subscription price of \$103M for a nominal value of \$117M in connection with the Company's acquisition of the equity interests in Genpact International, LLC. These bonds carry an interest rate of 4.15% and have a maturity date of 28th January 2022.

**Disclosure of information to auditor**

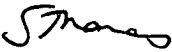
Each person who is a director at the time of approval of this directors' report has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each director has taken (or overseen the taking of) reasonably practicable steps that ought to have been taken as a director in order to be aware of material information the Company's auditor should have in connection with preparing their report and to establish that the Company's auditor is aware of that information.

**Auditor**

BDO LLP were appointed as auditors during the year. The auditors, BDO LLP, will be proposed for reappointment in accordance with section 487 of the Company Act 2006.

This report was approved by the board and signed on its behalf.



**Sharon Thomas**  
*Director*  
6 Lloyds Avenue, Suite 4cl,  
London, England, EC3N 3AX  
Date-22 January 2020

**INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF GENPACT (UK) LIMITED**

**Opinion**

We have audited the financial statements of Genpact (UK) Limited ("the Company") for the year ended 31 December 2018 which comprise Statement of Profit and Loss and Other Comprehensive Income, Statement of Total Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Other information**

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

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

We have nothing to report in this regard.



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

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

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

**Responsibilities of Directors**

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

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

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

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

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

Genpact (UK) Limited

Independent auditor's report  
for the year ended 31 December 2018

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**Use of our report**

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

BDO LLP

Arbinder Chatwal (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Southampton, UK

24 January 2020

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

**GENPACT (UK) LIMITED**

**Statement of profit and loss and other comprehensive income  
for the year ended 31 December 2018**

	Note	2018 \$ '000	2017 \$ '000
Revenue	4	347,677	96,592
Cost of sales		(284,642)	(48,276)
<b>Gross profit</b>		<b>63,035</b>	<b>48,316</b>
Administrative expense		(49,340)	(35,510)
Other operating expense		(1,281)	(364)
<b>Operating profit</b>	6	<b>12,414</b>	<b>12,442</b>
Interest received	9	107	-
Interest paid	9	(70)	-
Profit before income tax		12,451	12,442
Taxation	10	(2,056)	(2,477)
<b>Profit for the financial year</b>		<b>10,395</b>	<b>9,965</b>

All operations are continuing for the financial year.

The notes on pages 14 to 31 form part of these financial statements.

**GENPACT (UK) LIMITED**

**Statement of total comprehensive income  
for the year ended 31 December 2018**

	Note	2018 \$ '000	2017 \$ '000
Profit for the financial year		10,395	9,965
<b>Items that may be subsequently reclassified to profit or loss:</b>			
Cash flow hedges		(6,792)	-
Movement on deferred tax relating to cash flow hedges		(4,326)	
Foreign exchange reserve arising from change in presentational currency		-	(481)
<b>Total other comprehensive loss for the year</b>		<u>(11,118)</u>	<u>(481)</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><u>(723)</u></u>	<u><u>9,484</u></u>

The notes on pages 14 to 31 form part of these financial statements.

**GENPACT (UK) LIMITED**

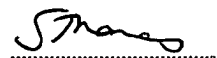
**Statement of financial position  
as at 31 December 2018**

	Note	2018 \$ '000	2017 \$ '000
<b>Non - current assets</b>			
Intangible assets	11	14,758	-
Property, plant and equipment	12	212	346
Capital advance	13	45,797	-
Investments in subsidiaries	14	135,725	-
Long term receivables	15	2,591	-
		<u>199,083</u>	<u>346</u>
<b>Current assets</b>			
Trade and other receivables	15	517,539	68,119
Cash and cash equivalents		9,696	1,698
		<u>527,235</u>	<u>69,817</u>
Creditors due within one year	16	<u>(593,433)</u>	<u>(32,462)</u>
<b>Net current (liabilities)/ assets</b>		<u>(66,198)</u>	<u>37,355</u>
<b>Total assets less current liabilities</b>		<u>132,885</u>	<u>37,701</u>
Creditors due after one year	16	(88,956)	-
Provision for liabilities	17	(9,650)	(815)
<b>Net assets</b>		<u>34,279</u>	<u>36,886</u>
<b>Capital and reserves</b>			
Share capital*	18	-	-
Cash flow hedge reserve	19	(11,118)	-
Retained earnings	19	45,397	36,886
<b>Total shareholder's funds</b>		<u>34,279</u>	<u>36,886</u>

\* The Company has 1 share in issue with a par value of \$1.35.

The notes on pages 14 to 31 form part of these financial statements.

The financial statements were approved by the Board of Directors on 22 January 2020 and were signed on its behalf by:



Name Sharon Thomas

Director

Genpact (UK) Limited

Registered No.: 04217635

Registered Office: 6 Lloyds Avenue, Suite 4CL, London, England, EC3N 3AX

Date 22 January 2020

GENPACT (UK) LIMITED

Statement of changes in equity  
for the year ended 31 December 2018

	Share capital (Refer note 18)	Foreign translation reserve	Retained earnings	Cash flow hedge reserve	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
At 1 January 2018	-	481	36,405	-	36,886
Profit for the year	-	-	10,395	-	10,395
Effects of changes in functional and presentation currency	-	-	(1,403)	-	(1,403)
Utilisation as a result of change in functional and presentational currency	-	(481)	-	-	(481)
Other comprehensive loss for the year	-	-	-	(11,118)	(11,118)
Total comprehensive income for the year	-	(481)	8,992	(11,118)	(2,607)
At 31 December 2018	-	-	45,397	(11,118)	34,279

Statement of changes in equity  
for the year ended 31 December 2017

At 1 January 2017	-	-	26,440	-	26,440
Profit for the year	-	-	9,965	-	9,965
Foreign exchange reserve arising from change in presentational currency	-	481	-	-	481
Total comprehensive income for the year	-	481	9,965	-	10,446
At 31 December 2017	-	481	36,405	-	36,886

The notes on pages 14 to 31 form part of these financial statements.

**Genpact (UK) Limited**  
**Notes forming part of the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**1. General Information**

Genpact (UK) Limited ("the Company") is a private limited Company incorporated, domiciled and registered in the England and Wales. Registration number of the Company is 04217635 and the registered address is 6 Lloyds Avenue, Suite 4CL, London, England, EC3N 3AX.

**2. Accounting policies**

**2.1 Basis of preparation of the financial statements**

The financial statements have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) issued by the Financial Reporting Council.

The Company has taken advantage of the exemption under Section 400 of the Companies Act, 2006 of not to prepare group accounts as being wholly owned subsidiary of Genpact Global Holdings (Bermuda) Limited, which is a subsidiary of Genpact Limited. The Company's results are included in the consolidated financial statements of Genpact Limited (ultimate parent Company).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Accounting policies applied and principals followed are:

**2.1.1. Financial reporting standard 101- reduced disclosure exemptions**

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- (i) certain comparative information as otherwise required by EU-endorsed IFRSs;
- (ii) certain disclosures regarding the Company's capital;
- (iii) a statement of cashflows;
- (iv) the effect of future accounting standards not yet adopted;
- (v) the disclosure of the remuneration of key management personnel; and
- (vi) disclosure of related party transactions with and between wholly owned subsidiaries.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- (i) share-based payments;
- (ii) business combinations;
- (iii) assets held for sale and discontinued operations;
- (iv) impairment of assets.

**2.1.2 First time application of FRS 101**

The Company has undergone a transition from reporting under Financial Reporting Standard 102 to Financial Reporting Standard 101, 'Reduced Disclosure Framework' on 1 January 2018.

The transition has not affected the reported financial position or financial performance of the previous reporting period.

**Genpact (UK) Limited**  
**Notes forming part of the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**2. Accounting policies (continued)**

**2.1.3. Impact of new international reporting standards, amendments and interpretations**

**IFRS 9 - Financial instruments**

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The standard introduced a new approach with respect to classification of financial assets and financial liabilities and impairment of financial assets. The Company has adopted the simplified approach using a provision matrix for the determination of lifetime expected credit losses. This approach takes into consideration both historic credit losses and future factors. However, as there is no history of material bad debt losses and past due receivables are typically immaterial, impairment losses on such balances are not expected and therefore the application of the standard has no impact on the current or previous reporting periods.

**IFRS 15 - Revenue from contracts with customers**

IFRS 15 is effective for annual periods beginning on or after 1 January 2018. The Company has not applied IFRS 15 on the contracts completed at the date of transition, pursuant to practical expedient guidance. Service revenues are recognized over time on the basis that the customer simultaneously receives and consumes the benefit and the Company has an enforceable right to payment as the service is delivered. Application of IFRS 15 had no impact on the pattern of revenue recognition and therefore no cumulative catch-up adjustment has been made to opening reserves, other assets or liabilities.

**2.1.4 Going concern**

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue its operational existence for a foreseeable future, on the basis of continuing support received from its parent Company. The directors have received confirmation that the amounts due to group undertakings will only be settled when sufficient surplus funds exist. The directors believe that the funding available to the company is adequate to continue its operations for at least twelve months following the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts

**2.2. Foreign currency translation**

*Functional and presentation currency*

Effective from 1 November 2018, the Company changed its presentation and functional currency from Great Britain Pound (GBP) to United States dollars (USD), as significant portions of the Company's operations after restructuring and finances are denominated in USD. The change in presentation currency better reflects the Company's business activities. This had no effect on the numbers reported other than restating in USD.

Foreign translation reserve - Exchange differences relating to the translation of the results and the net assets of the Company from their functional currency to the presentation currency are recognised directly in the other comprehensive income and accumulated in foreign translation reserve.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transaction and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss except when deferred in Statement of Total Comprehensive Income as qualifying cash flow hedges.



**Genpact (UK) Limited**  
**Notes forming part of the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**2. Accounting policies (continued)**

**2.3 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Historical costs include any expenditure that is directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Depreciation is charged so as to allocate the cost of assets less residual value over their estimated useful lives, using the straight-line method.

Estimated useful live for assets is as follows:

Computer software	4 years
Computer equipment and servers	4 years
Furniture & fixtures	4 years
Plant, machinery and equipment	4 years
Leasehold improvements	10 years or leasehold period whichever is less

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of asset (calculated as the difference between net disposal proceeds and carrying amount of the asset) is included in the Statement of Profit and Loss.

When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

**2.4 Intangible assets**

Intangible assets are initially recognized at their cost of acquisition. After initial recognition, intangible assets are subsequently measured at cost less accumulated amortization and accumulated impairment loss, if any.

All intangible assets are considered to have finite useful life. If a reliable estimate of the useful life cannot be made, intangible assets shall be amortized over a period not exceeding four years.

**2.5 Valuation of investments**

Investments in subsidiaries are held at cost less any provision for losses arising on impairment, if any.

**2.6 Impairment of non-financial assets**

The Company at each reporting date assesses indicators of impairment for non-financial assets. Where any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognized in the Statement of Total Comprehensive Income under the expense categories consistent with the function of the impaired asset.

For assets where an impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognized for the asset or cash generating unit in prior years. A reversal of impairment loss is recognized immediately in the Statement of Profit and Loss.

Genpact (UK) Limited

Notes forming part of the financial statements  
For the year ended 31 December 2018 *(continued)*

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**2. Accounting policies *(continued)***

**2.7 Provisions for liabilities**

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provisions are discounted to their present values, where the time value of money is material.

**2.8 Financial instruments**

*Initial recognition*

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All the financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables, which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

*Subsequent measurement*

*i. Financial assets carried at amortized cost*

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*ii. Financial assets at fair value through other comprehensive income*

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*iii. Financial assets at fair value through profit or loss*

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

*iv. Financial liabilities*

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables due within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

*Derivative financial instruments*

The Company uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate and commodity risks arising from operating, financing and investing activities. The Company does not hold or issue derivative financial instruments for trading purposes, however, if derivatives do not qualify for hedge accounting they are accounted for as such.

*i. Financial assets or financial liabilities, at fair value through profit or loss*

Derivative financial assets or liabilities which are not designated as hedges are classified under this category. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under IFRS 9, Financial Instruments. Any derivative that is either not designated as hedge or is so designated but is ineffective as per IFRS 9, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Genpact (UK) Limited

Notes forming part of the financial statements  
For the year ended 31 December 2018 *(continued)*

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**2. Accounting policies *(continued)***

**2.8 Financial instruments *(continued)***

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

**ii. Cash flow hedges**

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively.

If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

***Derecognition of financial instruments***

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IFRS 9. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

***Fair value of financial instruments***

The Company measures financial instruments such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

**2.9 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and in hand.

**2.10 Share capital**

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

**2.11 Capital advance**

The Company has paid advance to a customer in lieu of an agreement for purchase of a software. The software will be used exclusively for the said contract only and will be amortized over the contract term.

**Genpact (UK) Limited**  
**Notes forming part of the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**2. Accounting policies (continued)**

**2.12 Leases**

*Company as a lessee*

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the Statement of Profit and Loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognized as a reduction of the rental expense over the lease term on a straight-line basis.

**2.13 Taxation**

*Current Tax*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. The current tax expense is based on taxable profit for the period which differs from net profit as reported in the Statement of Total Comprehensive Income. Temporary and permanent items of income or expense, that are taxable or deductible in other periods are excluded while determining taxable profit. Tax provisions are recognized for uncertain tax positions where risk of an additional tax liability has been identified and it is probable that that the Company will be required to settle that tax. Measurement is dependent on judgements for the outcome of decisions by tax authorities in various tax jurisdictions in which the Company operates of which assessment is performed on a case by case basis by in-house tax experts, professional firms and previous experience.

*Group relief on taxation*

The Company may receive or transfer certain corporation tax losses to other members of the group which is subsequently settled as an inter-company transaction.

*Deferred tax*

Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their tax bases and operating losses are carried forward, if any. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent it is probable that there will be sufficient taxable profits to utilize the benefits and are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at balance sheet date. Deferred tax is charged or credited to the Statement of Total Comprehensive Income, except when it relates to items charged or credited in other comprehensive income, in which case deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Genpact (UK) Limited**  
**Notes forming part of the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**2. Accounting policies (continued)**

**2.13 Taxation (continued)**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

*Current tax and deferred tax*

Current and deferred tax are recognized in the Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**2.14 Revenue**

**IFRS 15 - Revenue accounting policy**

The Company derives its revenue primarily from business process management including analytics, consulting and related digital solutions and information technology services which are provided primarily on a time-and-material, transaction or fixed-price basis. The Company recognizes revenue when the promised services are delivered to customers for an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Revenues from services rendered under time-and-material and transaction-based contracts are recognized as the services are provided. The Company's fixed-price contracts include contracts for the customization of applications and maintenance and support services. Revenues from these contracts are recognized ratably over the term of the agreement. The Company accrues for revenue and unbilled receivables for services rendered between the last billing date and the balance sheet date.

The Company's customer contracts sometimes also include incentive payments received for discrete benefits delivered or promised to be delivered to clients or service level agreements that could result in credits or refunds to the client. Revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

The Company records deferred revenue attributable to certain process transition activities where such activities do not represent separate performance obligations. Revenues relating to such transition activities are classified under contract liabilities and subsequently recognized ratably over the period in which the related services are performed.

Costs relating to such transition activities are fulfilment costs which are directly related to the contract and result in the generation or enhancement of resources. Such costs are expected to be recoverable under the contract and are therefore classified as contract cost assets and recognized ratably over the estimated expected period of benefit under cost of revenue.

Revenues are reported net of value-added tax, business tax and applicable discounts and allowances. Reimbursements of out-of-pocket expenses received from clients have been included as part of revenues.

Revenue for performance obligations that are satisfied over time is recognized in accordance with the methods prescribed for measuring progress. The input (cost expended) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

The Company enters into multiple-element revenue arrangements in which a client may purchase a combination of products or services. Revenue from multiple-element arrangements is recognized, for each element, based on an allocation of the transaction price to each performance obligation on a relative standalone basis.

Certain contracts may include offerings such as sale of licenses, which may be perpetual or subscription based. Revenue from distinct perpetual licenses is recognized upfront at the point in time when the software is made available to the client. Revenue from distinct subscription-based licenses is recognized at the point in time it is transferred to the client. Revenue from any associated maintenance or ongoing support services is recognized ratably over the term of the contract. For a combined software license/services performance obligation, revenue is recognized over the period that the services are performed.

**Genpact (UK) Limited**  
**Notes forming part of the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**2. Accounting policies (continued)**

**2.14 Revenue (continued)**

All incremental and direct costs incurred for acquiring contracts, such as certain sales commissions, are classified as contract cost assets. Such costs are amortized over the expected period of benefit and recorded under selling, general and administrative expenses.

Other upfront fees paid to clients are classified as contract assets. Such costs are amortized over the expected period of benefit and recorded as an adjustment to the transaction price and subtracted from revenue. Timing of revenue recognition may differ from the timing of invoicing. If a payment is received in respect of services prior to the delivery of services, the payment is recognized as an advance from the client and classified as a contract liability. Contract assets and contract liabilities relating to the same client contract are offset against each other and presented on a net basis in the consolidated financial statements.

**2.15 Share based payments**

The employees of the Company have been granted stock options, restricted share units and performance units by Genpact Limited, the ultimate holding Company.

The Company recognizes and measures compensation expense for all share-based awards based on the grant date fair value as per IFRS 2, 'Share based payments'. For option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton) and for awards other than option awards, grant date fair value is determined on the basis of fair market value of the share of Genpact Limited on the date of grant of such awards. The Company recognizes compensation expense for share based awards net of estimated forfeitures. Share-based compensation recognized in the Statement of Profit and Loss is based on awards ultimately expected to vest. As a result, the expense has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

**2.16 Pensions and other post-employment benefits**

The Company participates in a defined contribution scheme open to all UK employees. Payments to this scheme are recognized as an expense as they fall due.

**2.17 Interest paid**

Finance costs is charged to the Statement of Profit and Loss over the term of the debt using effective interest method. Issue costs are initially recognized as a reduction from the proceeds.

**2.18 Interest received**

Finance income is recognized as interest accrue using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

**2.19 Prior year adjustment**

In the prior year financial statements, the Company did not record the unexercised portion of a shared based payment expense.

The impact of the correction for this is to increase administrative expenses in 2017 by \$765,838, increase amounts owed by group undertakings by \$168,217 and increase retained earnings by \$129,925 at 1 January 2017 and by \$38,292 at 31 December 2017.

**Genpact (UK) Limited**  
**Notes forming part of the financial statements**  
**For the year ended 31 December 2018 (continued)**

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In applying the Company's accounting policies, the management is required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The management's judgements, estimates and assumptions are based on the most reliable evidence at the time when decisions are made, based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results or outcome may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis and revision to any accounting estimate is recognized in the period in which such estimate is revised.

**Management considers following to be significant judgments:**

*Useful lives of depreciable/amortizable assets*

Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected useful life of the assets. Uncertainties in these estimates are related to technical and economic obsolescence that may change the useful life of IT and other plant and equipment.

*Recoverability of advances/receivables*

At each balance sheet date, based on historical default rates observed over the expected life, the Management assesses expected credit loss on outstanding advances and receivables.

*Recognition of deferred tax assets*

Management assesses the probability of future taxable income to determine the extent to which deferred tax assets can be recognized and utilized.

*Evaluation of indicators for impairment of assets*

The evaluation of applicability of indicators for impairment of assets requires assessment of several external and internal factors which can result in decline of recoverable amount of assets.

*Valuation of intangible assets*

Intangible assets acquired individually or with a group of other assets or in a business combination and developed internally are carried at cost less accumulated amortization based on their estimated useful lives. Intangible assets are amortized over their useful lives, as estimated, using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized.

*Carrying value of provisions*

The preparation of financial statements in accordance with FRS 101 (UK GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant items subject to such estimates and assumptions include the useful lives of property, plant and equipment, intangibles and goodwill, revenue recognition, reserves for doubtful receivables, valuation allowances for deferred tax assets, valuations of derivative financial instruments, identification of leases, measurements of stock-based compensation, assets and obligations related to employee benefits, the nature and timing of satisfaction of performance obligations, the standalone selling price of performance obligations, variable consideration, other obligations for revenue recognition, income tax uncertainties, other contingencies and client related provisions which includes warranty, deflation, performance related provisions. Client related provision represents Company's obligation towards its client where it is unable to deliver committed productivity benefits or comply with agreed service levels and also includes provision for discounts contractually agreed with the clients.

Management believes that the estimates used in the preparation of the financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the Company's financial statements.

Genpact (UK) Limited

Notes forming part of the financial statements  
For the year ended 31 December 2018 *(continued)*

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3. Judgements in applying accounting policies and key sources of estimation uncertainty *(continued)*

*Investment*

Investment in subsidiary is carried at cost under IAS 27 in the financials of Genpact UK Limited. Investments carried at cost in the books; are to be tested for impairment at each reporting date as per IAS 36. The impairment standard requires the management to estimate the recoverable amount of the asset and compare it with the carrying value in the books to measure any impairment. For estimating the recoverable amount of the "Investments in subsidiaries" the management relies upon; the net asset position of the subsidiary and also upon the letter of financial support provided by the group's ultimate holding (Genpact Limited (Bermuda)) to the subsidiary. These two facts coupled together provides the management of Genpact UK Limited, as on the balance sheet date, the necessary assurance about the recoverability of the investment in the due course.

*Derivatives*

In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts. Under IFRS, derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company applies judgement over recognizing the hedge effectiveness of these instruments in order to recognize the resulting gain or loss in fair value.

*Revenue from transition activities*

Determining that revenues from transition activities are recognized over-time, across the estimated contract term, rather than at a point in time on completion of the activities is considered to be a significant judgement due to the impact on the profile of revenue recognition. The conclusion that revenues from transition activities are appropriately recognized over-time is driven by the assertion that the customer does not benefit from such activities at the inception of the contract when they are invoiced, but rather as the service is delivered across the contract term.



**GENPACT (UK) LIMITED**

**Notes forming part of the financial statements  
for the year ended 31 December 2018 (continued)**

**4. Revenue**

Analysis of revenue by customer group:	<b>2018</b>	<b>2017</b>
	<b>\$ '000</b>	<b>\$ '000</b>
Revenue from external customers	225,687	1,142
Revenue from group companies	121,990	95,450
	<b>347,677</b>	<b>96,592</b>
Analysis of revenue by service type:	<b>2018</b>	<b>2017</b>
	<b>\$ '000</b>	<b>\$ '000</b>
Business Process Outsourcing (BPO) services	315,062	96,592
Information Technology (IT) services	32,615	-
	<b>347,677</b>	<b>96,592</b>
Analysis of revenue by geography:	<b>2018</b>	<b>2017</b>
	<b>\$ '000</b>	<b>\$ '000</b>
United States of America	247,131	96,309
United Kingdom	45,847	-
Rest of the world	54,699	283
	<b>347,677</b>	<b>96,592</b>

**5. Revenue from contracts with customers**

	<b>Contract Assets 2018</b>	<b>Contract Assets 2017</b>	<b>Contract Liabilities 2018</b>	<b>Contract Liabilities 2017</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
Balance as at 1 January	-	-	-	-
Addition during the year	20,694	-	49,480	-
Deletion during the year	-	-	-	-
Balance as at 31 December	<b>20,694</b>	<b>-</b>	<b>49,480</b>	<b>-</b>

During the year there was no impairment of contract assets and contract liabilities.

Revenue recognised during the year does not include any amount from performance obligations satisfied in previous years.

Contract assets and contract liabilities are included within "trade and other receivables" and "creditors" respectively on the face of the balance sheet. Upfront fees paid to a client are classified as contract assets which are amortized over the expected period of benefit and recorded as an adjustment to the transaction price. Consequent to the signing of contract, revenue from the transition of services to our delivery centers, as well as the related cost of revenue are deferred where such activities do not represent separate performance obligations. Revenue related to transition activities are classified under contract liabilities and subsequently recognized over the period in which related services are performed.

The amount of incremental costs to obtain a contract which has been recognized as an asset during the year is USD 152,995 (2017 - USD Nil) and the amount of costs recognized as an expense during the year is USD 30,953 (2017 - USD Nil). No amount has been impaired in current as well as previous year.

**GENPACT (UK) LIMITED**

**Notes forming part of the financial statements  
for the year ended 31 December 2018 (continued)**

**6. Operating profit**

	2018	2017
	\$ '000	\$ '000
The operating profit is stated after charging:		
Staff costs [see note 8(a)]	78,998	63,014
Depreciation of property, plant and equipment	154	153
Foreign exchange loss	1,282	364
Operating lease rentals - Buildings	477	405
Amortisation of intangible assets	642	-
	<u>81,553</u>	<u>63,936</u>

**7. Auditor's remuneration**

	2018	2017
	\$ '000	\$ '000
Audit fees	38	19
	<u>38</u>	<u>19</u>

**8. Employees**

**(a) Staff costs**

Staff costs (including directors) comprises:	2018	2017
	\$ '000	\$ '000
Wages and salaries	66,347	54,113
Social security costs	6,389	4,982
Costs of defined contribution scheme	3,342	2,059
Share based payment	2,920	1,860
	<u>78,998</u>	<u>63,014</u>

Average monthly number of employees, including directors, during the year were as follows:

	2018	2017
	Number	Number
Directors	3	3
IT and accounting	291	250
Administrative	51	46
	<u>345</u>	<u>299</u>

**(b) Directors' emoluments**

	2018	2017
	\$ '000	\$ '000
Directors' emoluments	<u>1,825</u>	<u>1,596</u>

There were 3 directors in the Company's defined contribution plan (2017 - 3) during the year.

**Highest paid director**

The total amount paid to the highest paid director in respect of emoluments was \$1,043k (2017 - \$920k). Company pension contributions of \$27k (2017 - \$23k) were paid to a defined contribution scheme on their behalf. Accrued pension balance of highest paid director as at year end was \$2k (2017 - \$2k).

**9. Interest received and interest paid**

	2018	2017
	\$ '000	\$ '000
Interest receivable from group undertakings	107	-
Interest payable on unsecured subordinated bonds	<u>(70)</u>	<u>-</u>

**GENPACT (UK) LIMITED**

**Notes forming part of the financial statements  
for the year ended 31 December 2018 (continued)**

<b>10. Taxation</b>	<b>2018</b>	<b>2017</b>
	<b>\$ '000</b>	<b>\$ '000</b>
<b>(a) Tax charged/(credited) in the statement of profit and loss and other comprehensive income</b>		
<b>Current tax:</b>		
UK corporation tax	2,615	2,439
Provision for tax on profit for the year	423	-
Adjustment in respect of prior years	(162)	-
	<u>2,876</u>	<u>2,439</u>
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(820)	38
Adjustment in respect of prior years	-	-
	<u>(820)</u>	<u>38</u>
<b>Taxation on profit from ordinary activities</b>	<u><b>2,056</b></u>	<u><b>2,477</b></u>
<b>(b) Tax charged in other comprehensive income</b>	<b>2018</b>	<b>2017</b>
	<b>\$ '000</b>	<b>\$ '000</b>
<b>Deferred tax:</b>		
Fair value movement on derivatives	4,326	-
	<u>4,326</u>	<u>-</u>
<b>Tax charge to other comprehensive income</b>	<u><b>4,326</b></u>	<u><b>-</b></u>
<b>Factors affecting tax charge for the year</b>		
<b>(c) Reconciliation of the total tax charge in the income statement</b>		
The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are as below:		
	<b>2018</b>	<b>2017</b>
	<b>\$ '000</b>	<b>\$ '000</b>
Profit on ordinary activities before tax	<u>12,451</u>	<u>12,442</u>
Profit on ordinary activities multiplied by proportionate rate of corporation tax in the UK of 19% (2017- 19.25%)	2,365	2,387
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortization and impairment	63	119
Capital allowance for the year in excess of depreciation	-	(41)
Adjustment in respect of previous periods	(795)	8
Tax reserve	423	-
Short term timing difference	-	4
<b>Total tax charge for the year</b>	<u><b>2,056</b></u>	<u><b>2,477</b></u>

**Factors that may affect future tax charge**

The tax rate for the current year is lower than the prior year, due to changes in the UK corporation tax rate, which decreased from 20% to 19% from 1 April 2017.

Changes to UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate, to reduce the rate to 17% from 1 April 2020.

**GENPACT (UK) LIMITED**

**Notes forming part of the financial statements  
for the year ended 31 December 2018 (continued)**

**11. Intangible assets**

	<b>Customer relationships</b>	<b>Software</b>	<b>Total</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
<b>Cost</b>			
At 1 January 2018	-	14	14
Additions	15,400	-	15,400
At 31 December 2018	15,400	14	15,414
<b>Accumulated amortization</b>			
At 1 January 2018	-	(14)	(14)
Charge for the year	(642)	-	(642)
At 31 December 2018	(642)	(14)	(656)
<b>Net book value</b>			
At 31 December 2018	14,758	-	14,758
At 31 December 2017	-	-	-

Intangible assets acquired represents the fair value of customer contracts acquired during the year as a part of an internal restructuring from Genpact International Inc. The asset is carried at \$14,758,333 (2017: Nil) and will be amortized over the period of 4 years on a straight line basis. There are no other individually material intangible

Intangible assets are amortized over their estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized. Intangible assets amortisation is recorded in administrative expenses in the statement of profit and loss and other comprehensive income.

**12. Property, plant and equipment**

	<b>Computer and equipment</b>	<b>Furniture and fixtures</b>	<b>Leasehold improvements</b>	<b>Plant, machinery &amp; equipment</b>	<b>Total</b>
	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
<b>Cost</b>					
At 1 January 2018	793	60	126	515	1,494
Additions	31	-	-	-	31
Forex adjustment	(41)	(3)	(6)	(26)	(76)
At 31 December 2018	783	57	120	489	1,449
<b>Accumulated depreciation</b>					
At 1 January 2018	(451)	(60)	(126)	(511)	(1,148)
Depreciation for the year	(150)	-	-	(4)	(154)
Forex adjustment	30	3	6	26	65
At 31 December 2018	(571)	(57)	(120)	(489)	(1,237)
<b>Net book value</b>					
At 31 December 2018	212	-	-	-	212
At 31 December 2017	342	-	-	4	346

**13. Capital advance**

	<b>2018</b>	<b>2017</b>
	<b>\$ '000</b>	<b>\$ '000</b>
Capital advance	45,797	-

The Company paid an advance to a customer in lieu of an agreement for the purchase of some software. The software will be used exclusively for one contract and will be amortized over the contract term.

**GENPACT (UK) LIMITED**

**Notes forming part of the financial statements  
for the year ended 31 December 2018 (continued)**

<b>14. Investments in subsidiaries</b>	<b>Investments in subsidiary</b>
<b>Cost and net book value</b>	<b>\$ '000</b>
At 1 January 2018	-
Additions	135,725
At 31 December 2018	<u>135,725</u>

The Company has purchased 1,000 shares in subsidiary on 1 December 2018.

The principal undertaking in which the Company's interest at the year end is as follows:

<b>Name of company</b>	<b>Registered Office</b>	<b>Country of incorporation</b>	<b>Proportion of voting rights and ordinary shares held</b>	<b>Nature of business</b>
<b>Subsidiary undertaking</b>				
Genpact International LLC	1155 Avenue Of The Americas, 4th Floor, New York, New York, United States, 10036	United States of America	100%	Business process management

<b>15. Trade and other receivables</b>	<b>2018</b>	<b>2017</b>
	<b>\$ '000</b>	<b>\$ '000</b>
Trade debtors [net of provision \$83,887 (2017 - \$30,827)]	191,391	158
Amounts owed by group undertakings*	81,097	64,118
Prepayments and accrued income	141,689	522
Deferred tax (note 17)	-	307
Corporation tax	2,180	-
Other debtors**	101,182	3,014
	<u>517,539</u>	<u>68,119</u>
Long term accrued income	2,591	-
	<u>520,130</u>	<u>68,119</u>

\* Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

\*\* Other debtors primarily represent deferred transition cost, contract acquisition cost and the fair market value of derivatives.

<b>16. Creditors</b>	<b>2018</b>	<b>2017</b>
	<b>\$ '000</b>	<b>\$ '000</b>
<b>Amounts falling due within one year</b>		
Amounts owed to group undertakings*	511,631	9,129
Other taxes and social security	6,083	4,084
Corporation tax	-	431
Accruals and deferred income	73,494	12,464
Other creditors	2,225	6,354
	<u>593,433</u>	<u>32,462</u>
<b>Amounts falling due after more than one year</b>		
Unsecured subordinated bonds (a)	50,463	-
Accruals and deferred income	38,493	-
	<u>88,956</u>	<u>-</u>

\* Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**GENPACT (UK) LIMITED**

**Notes forming part of the financial statements  
for the year ended 31 December 2018 (continued)**

**16. Creditors (continued)**

(a) The Company has issued the following unsecured subordinated bonds during the year:

Particulars	Amount issued # \$ '000	Consideration received \$ '000
Unsecured subordinated bonds	58,000	50,463

# \$58,000,000 unsecured subordinated bonds carrying interest at 4.58% p.a issued on 21 December 2018 are redeemable at par on 21 December 2021.

**17. Provision for liabilities**

The Company had following provisions during the year:

Particulars	Deferred tax \$ '000	Employee related provisions \$ '000	Client related provisions \$ '000	Total \$ '000
At the beginning of the year	-	815	-	815
Charged to statement of profit and loss and other comprehensive income	3,199	1,300	5,151	9,650
Utilized/reversed during the year	-	(815)	-	(815)
As at end of the year	<u>3,199</u>	<u>1,300</u>	<u>5,151</u>	<u>9,650</u>

**Deferred taxation**

	2018 \$ '000	2017 \$ '000
Asset at beginning of the year	307	347
Charged to Statement of Profit and loss and other Comprehensive Income	(3,506)	(40)
(Liability)/asset at end of the year	<u>(3,199)</u>	<u>307</u>

The deferred tax balance is made up as follows:

	2018 \$ '000	2017 \$ '000
Accelerated capital allowance	(7)	(53)
Fair value movement on derivatives	(4,326)	-
Other temporary difference	1,134	360
	<u>(3,199)</u>	<u>307</u>

**18. Share capital**

	Allotted, called up and fully paid			
	2018 Number	2018 \$	2017 Number	2017 \$
Ordinary shares of £1 each	1	1.35	1	1.35

**Genpact (UK) Limited**  
**Notes forming part of the financial statements**  
**For the year ended 31 December 2018 (continued)**

**19. Reserves**

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for
Retained earnings	All other net gains and losses and transaction with owners not recognized elsewhere
Cash flow hedge reserve	The cumulative recognized effective portion of the fair value movement on derivative instruments

**20. Pension commitments**

The Company contributes to 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 charges represents contributions payable by the company to the fund and amounted to \$3.4m (2017: \$2.06m). Contributions totalling \$336k (2017: \$181k) were payable to the fund at the balance sheet date.

**21. Commitments under operating leases**

The Company has a lease on property for a term of 5 years. At 31 December 2018, Company's non-cancellable future minimum lease payments under operating leases are as follows:

	2018 \$ '000	2017 \$ '000
Not later than one year	166	174
Later than one year but not later than five years	-	174
Later than five years	-	-
	<b>166</b>	<b>348</b>

**22. Post balance sheet event**

On 28 January 2019 the Company executed an agreement with Genpact Limited whereby the Company issued Unsecured Subordinated Bonds at subscription price of \$103,100,000 and nominal price of \$117,075,312 in connection with the acquisition of the equity interests in Genpact International, LLC. These bonds carry an interest rate of 4.15% p.a. and have a maturity date of 28 January 2022.

**23. Related party transactions**

In accordance with the exemption under Financial Reporting Standard 101, the Company has not disclosed transactions with other wholly owned subsidiaries within the Genpact Group. There are no other related party transactions outside the Genpact group.

**24. Ultimate parent company and control**

The Company's immediate parent company is Genpact Global Holdings (Bermuda) Limited, a Company incorporated and registered in Bermuda.

The smallest and largest group of undertakings for which group accounts are drawn up and of which the Company is a member, is headed by its ultimate parent undertaking Genpact Limited, a Company incorporated in Bermuda. The consolidated Financial Statements of this Company are available to the public and may be obtained from Canon's Court, 22 Victoria Street, Hamilton, HM EX, Bermuda.

The Genpact Group's ("Genpact") global headquarters is located in Bermuda with operations spanning many other countries. Genpact manages business processes in multiple geographic regions, delivering its services from a global network located in various countries. Genpact manages business processes in multiple geographic regions, delivering its services from a global network located in various countries. These services are provided by Genpact through its global network of delivery centers, spanning 16 countries, which are located in Australia, Brazil, China, Guatemala, India, Israel, Japan, Malaysia, Mexico, the Netherlands, the Philippines, Poland, Romania, Slovakia, the United Kingdom ("UK"), and the United States ("US").

Genpact (UK) Limited

Notes forming part of the financial statements  
For the year ended 31 December 2018 *(continued)*

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24. Ultimate parent company and control *(Continued)*

Genpact International Inc. ('GI') (a US entity) provides sales and marketing services focusing on business growth of Genpact. GI represents Genpact on most contracts between Genpact and clients/ external customers (except in case of same country service delivery). GI may sub-contract sales and marketing/ transition activities to Genpact LLC, USA (formerly Genpact Process Solutions, LLC) ("Genpact LLC"), a US Company, Genpact Onsite Services, Inc. ("GOS"), another US Company, Genpact UK Ltd. ("Genpact UK"), a UK Company, or other Genpact entities in Japan, Australia, France, etc. based on customers location. Such entities function on a contract basis for GI, which is responsible for overall upfront sales and marketing activities.

In order to align its business model and service its customers more effectively, Genpact transferred contracting function of certain existing customer contracts signed in US from GI to Genpact (UK) Limited. GI has obtained consent from its customers for transfer of approximately 50% of the total customer contracts and accordingly, such customer contracts has been transferred to Genpact (UK) Limited by GI ("Covered Contracts").

Further, subsequent to transfer of covered contracts to Genpact UK, GI transferred all of its employees and assets (including investments) to another US Company i.e. Genpact USA Inc. (except the contracting function of the remaining 50% customer contracts). Post this transfer, GI is hosting only the contracting function warranting a corresponding routine return for such function. Subsequently, shares of GI has been transferred by its parent Company (i.e. Genpact USA Inc.) to Genpact (UK) Limited.

While the customer contracts have been transferred to Genpact UK, Genpact USA, Inc. is responsible for sales and marketing functions including key strategic decision making such as development of marketing strategy, identification of business opportunities across verticals, development of relationships with key customers and finalization of global contracts. Accordingly, Genpact USA, Inc. is entitled to return associated with such sales and marketing function even post transfer of contracting function from US to UK. The aforesaid transfer is not involved transferring of any function/employee by US to UK.

Genpact UK is merely performing the contracting activity including signing of contract with customers, invoicing for the services, effectively managing associated receivables and payables with the customers/vendors and is entitled to a return for the contracting function.