Registered number: 07420922

Knit Limited

Financial Statements

For the year ended 31 March 2019

Knit Limited

Statement of comprehensive income
For the year ended 31 March 2019

	Note	31-Mar 2019 £	31-Mar 2018 £
Turnover	3	115,845	651,440
Cost of sales		(99,158)	(681,254)
Gross (loss)/profit		16,688	(29,814)
Administrative expenses		(41,964)	(67,488)
Loss before tax	4	(25,276)	(97,302)
Tax on loss	7	(604)	1,702
(Loss) for the financial year		(25,880)	(95,600)

There were no recognised gains and losses for the year ended 31 March 2019 or the year ended 31 March 2018 other than those included in the statement of comprehensive income.

The notes on pages 12 to 24 form part of these financial statements.

Knit Limited
Registered number: 07420922

Balance sheet
As at 31 March 2019

	Note		2019 £		2018 £
Fixed assets					
Tangible assets	8		1,012		2,753
			1,012		2,753
Current assets					
Debtors: amounts falling due within one year	9	13,898		450,832	
Cash at bank and in hand		28,131		2,229	
		42,029		453,061	
Creditors: amounts falling due within one year	10	(792,664)		(1,180,161)	
Net current liabilities			(750,635)		(727,100)
Total assets less current liabilities			(749,622)		(724,347)
Provisions for liabilities					
Deferred tax	11			604	
					604
Net liabilities			(749,622)		(723,743)
Capital and reserves					
Called up share capital	12		1,000		1,000
Profit and loss account			(750,622)		(724,743)
			(749,622)		(723,743)

The financial statements were approved and authorised for issue by the board and were signed on its behalf

The notes on pages 12 to 24 form part of these financial statements.

Knit Limited

Statement of changes in equity
For the year ended 31 March 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2018	1,000	(724,743)	(723,743)
Loss for the year	-	(25,880)	(25,880)
Total comprehensive income for the year	-	(750,622)	(749,622)
Total transactions with owners	-	-	-
At 31 March 2019	1,000	(750,622)	(749,622)

Statement of changes in equity
For the year ended 31 March 2018

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	1,000	(629,143)	(628,143)
Loss for the year	-	(95,600)	(95,600)
Total comprehensive income for the year	-	(95,600)	(95,600)
Total transactions with owners	-	-	-
At 31 March 2018	1,000	(724,743)	(723,743)

The notes on pages 12 to 24 form part of these financial statements.

Notes to the financial statements
For the year ended 31 March 2019

1. General information

Knit Limited is a creative technology agency, with a team of innovators who design and create digital experiences.

Knit Limited is a private company limited by shares incorporated in England.

The registered office of the company is located at 5 Fleet Place, London, England, EC4M 7RD.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

2. Accounting policies

2.1 Statement of compliance

The financial statements of UK GAAP Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

2.2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

2.3 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in 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.

2. Accounting policies (continued)

2.4 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the company has taken advantage of the exemption, under FRS 102 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Zensar Technologies Limited, includes the Company's cash flows in its consolidated financial statements;

- certain financial instrument disclosures providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated [FRS 102 paras 11.39 - 11.48A, 12.26 - 12.29];

- key management personnel compensation in total [FRS 102 para 33.7].

This information is included in the consolidated financial statements of Zensar Technologies Limited as at 31 March 2019, and these financial statements may be obtained from the company at Zensar Knowledge Park, Kharadi, Plot No. 4, MIDC, Off Nagar Road, Pune 411014, India.

2.5 Going concern

The company is able meets its day to day working capital requirements. The directors anticipate the business environment will remain competitive however continued future growth and customer contract wins will service the ongoing cash flow requirements enabling the Company to settle its debts as they fall due.

At the balance sheet date the company had net current liabilities of £750,635 (2018: liabilities £727,100). The intermediate parent company, Zensar Technologies (UK) Limited has confirmed that it will continue to provide financial support as necessary to enable the company to meet its financial obligations as they fall due for a period of at least 12 months from the date of signing of the financial statements. For this reason the directors consider it appropriate that the financial statements are prepared on the going concern basis.

2.6 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of services

Revenue from professional services consist of revenues earned from services performed on a "time and material" basis and related revenue is recognised as the services are performed. The company performs time bound fixed-price engagements, under which revenue is recognised using the proportionate completion method of accounting. The cumulative impact of any revision in estimates of the stage of completion is reflected in the year in which the change becomes known. The company recognises revenue when the following conditions are satisfied:

- the amount of revenue can be measured reliably;

- it is probable that the company will receive the consideration due under the contract;

- the stage of completion of the contract at the end of the reporting period can be measured reliably

2. Accounting policies (continued)

using accurate time records; and

- the costs incurred and the costs to complete the contract can be measured reliably.

2.7 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, either by straight line method or by reducing balance.

Depreciation is provided on the following basis:

Office equipment	- 4 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

2. Accounting policies (continued)

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

i. *Financial assets*

Basic financial assets, including trade and other debtors and cash at bank, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an even occurring aft the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii.Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii. Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

2.10 Creditors

Creditors due within one year are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is pound sterling.

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 transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

2.12 Operating leases: the company as lessee

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

2.13 Employee benefits

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Annual bonus plan

The company operates an annual bonus plan for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plan as a result of past events, and a reliable estimate of the obligation can be made.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

2.15 Current and deferred taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.16 Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group that are wholly owned.

3. Turnover

Analysis of turnover by country of destination:

	31 March 2019 £	31 March 2018 £
United Kingdom	115,845	651,440
	115,845	651,440

The directors consider that all turnover arises from the entity's principal activity.

4. Operating loss

The operating loss is stated after charging:

	31 March 2019 £	31 March 2018 £
Depreciation of tangible fixed assets	1,741	2,913
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	5,000	15,000

Notes to the financial statements
For the year ended 31 March 2019

5. Employees and Directors

Staff costs, including directors' remuneration, were as follows:

	31 March 2019 £	31 March 2018 £
Wages and salaries	91,551	451,776
Social security costs	8,153	42,673
Other pension costs	2,750	11,336
	102,454	505,785

The average monthly number of employees, including the directors, during the year was as follows:

	31 March 2019 No.	31 March 2018 No.
Production	3	8

6. Directors

	31 March 2019 £	31 March 2018 £
The directors' emoluments were as follows:		
Directors' emoluments	-	-
	-	-

During the period no retirement benefits were accruing to any directors (2018 - Nil) in respect of defined contribution pension schemes.

Current Directors of the company are employees of other group undertakings. No remuneration is paid of payable to current Directors in their capacity as director of the company (2018- Nil). The Directors received remuneration from fellow group undertaking, in respect of their services to the group of which the company is a member. It is not possible to identify the proportion of remuneration that relates to services of this company.

Notes to the financial statements
For the year ended 31 March 2019

7. Income tax

(a) Tax expense included in profit or loss

	31 March 2019 £	31 March 2018 £
Total current tax	-	22
Deferred tax		
Origination and reversal of timing differences	-	613
Adjustment in respect of previous periods	604	1,067
Taxation on (loss)/profit on ordinary activities	604	1,702

(b) Reconciliation of tax charge

The tax assessed for the year/period is at the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	31 March 2019 £	31 March 2018 £
Loss on ordinary activities before tax	(25,276)	(97,298)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	(4,802)	(18,487)
Effects of:		
Expenses not deductible for tax purposes	-	2,132
Adjustment in respect of previous periods	-	(1,067)
Unrelieved tax losses arising in the period	-	-
Loss surrender to Group entities	4,802	15,720
Changes in tax rates on asset timing differences	-	-
Total tax charge for the year/period	-	(1,702)

Notes to the financial statements
For the year ended 31 March 2019

7. Income Tax (Continued)

(c) Tax rate changes

At 31 March 2019, the company had tax losses of £402,368 (2018: £402,368) available for future offset against future taxable profits. A deferred tax asset in respect of these losses amounting to £76,450 (2018: £76,450) has not been recognised in the financial statements due to uncertainty over their future recoverability.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These included reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

8 Tangible assets

	Office equipment	Computer equipment	Total
	£	£	£
Cost or valuation			
At 1 April 2018	3,683	33,789	37,472
Additions	-	-	-
Disposals	(3,683)	(29,296)	(32,979)
At 31 March 2019	-	4,492	4,492
Depreciation			
At 1 April 2018	3,683	31,035	34,718
Charge for period	-	1,741	1,741
Disposals	(3,683)	(29,296)	(32,979)
At 31 March 2019	-	3,480	3,480
Net book value			
At 31 March 2019	-	1,012	1,012
At 31 March 2018	-	2,753	2,753

Notes to the financial statements
For the year ended 31 March 2019

9 Debtors: Amounts falling due within one year

	2019	2018
	£	£
Trade debtors	-	7,728
Other debtors	(790)	53,027
Amount owed by group undertakings	14,688	390,077
	13,898	450,832

Trade debtors are stated after provisions for impairment of £Nil (2018: £Nil).

10. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	44	2,377
Amounts owed to group undertakings	771,620	1,050,721
Other taxation and social security	1,692	69,248
Accruals and deferred income	19,308	57,815
	792,664	1,180,161

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

11. Provision for other liabilities

	2019	2018
	£	£
Opening deferred tax	604	(1,076)
Charged to profit or loss	(604)	1,680
At end of year	-	604

Notes to the financial statements
For the year ended 31 March 2019

Note 11 (Continued)

The provision for deferred taxation is made up as follows:

	2019	2018
	£	£
Accelerated capital allowances	-	604
	-	604

12. Share capital

	2019	2018
	£	£
Allotted, called up and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

13. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,750 (2018 - £11,336). There were £257 (2018 - 1,325) contributions payable to the fund at the balance sheet date.

14. Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group. The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with its' parent or with members of the same group that are wholly owned

15. Ultimate parent undertaking and controlling party

The company's immediate parent is Foolproof Limited and the ultimate parent undertaking and controlling party is Zensar Technologies Limited which is incorporated in India.

Zensar Technologies Limited is the parent of the largest and smallest group to consolidate the financial statements of Knit Limited.

Copies of the group financial statements of Zensar Technologies Limited can be obtained from the company at Zensar Knowledge Park, Kharadi, Plot 4, MIDC, Off Nagar road, Pune 411014, India.