
NIIT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

NIIT LIMITED

COMPANY INFORMATION

DIRECTORS

R S Pawar
V K Thadani
P Rajendran

COMPANY SECRETARY

Abogado Nominees Limited

REGISTERED NUMBER

05555036

REGISTERED OFFICE

100 New Bridge Street
London
EC4V 6JA

TRADING ADDRESS

2nd Floor
47 Mark Lane
London
EC3R 7QQ

INDEPENDENT AUDITOR

Donald Reid Limited
Chartered Accountants & Statutory Auditors
Prince Albert House
20 King Street
Maidenhead
Berkshire
SL6 1DT

NIIT LIMITED

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NIIT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and the financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity is that of Knowledge Solutions through Information Technology.

RESULTS

The loss for the year, after taxation, amounted to £186,435 (2013 - profit £39,169).

DIRECTORS

The directors who served during the year were:

R S Pawar
V K Thadani
P Rajendran

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EMPLOYEE INVOLVEMENT

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status.

The company is committed to providing employees with information on matters of concern to them on a regular basis, so that the views of the employees can be taken into account when making decisions that are likely to affect their interest. In addition the company encourages the involvement of the employee's by means of employee satisfaction surveys, focus group discussions and a 360 degree feed back mechanism.

NIIT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2014

DISABLED EMPLOYEES

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retaining employees who become disabled, to enable them to work identified as appropriate to their aptitudes and abilities.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved 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
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITOR

The auditor, Donald Reid Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

.....
P Rajendran
Director

Date: 21 May 2014

NIIT LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

BUSINESS REVIEW

The business from the training market in the UK and Europe has continued to grow this year. This is as a result of the growth of existing customers and the addition of some new accounts.

The future outlook of the business continues to look positive as the company continues its expansion into Europe whilst developing preferred partnership relationships.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the business are considered to relate to competition from both national, offshore and multinational vendors as well as employee retention and the weakening of the UK and European economies.

Financial risk management

The company's operations expose it to financial risks that include price risk, credit risk, liquidity risk, foreign currency exchange rate risk, and interest rate cashflow risk. Given the size of the company, the directors have not delegated the responsibility of monitoring risk to a sub-committee of the board. The company's finance department implements policies set by the board of directors.

Price risk

Due to the nature of the business the company is not exposed to any major price risks. Due consideration is given for annual salary increases in line with the growth in business in terms of both price and volumes.

Credit risk

The majority of the company's customer base is comprised of blue chip companies. The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

Liquidity risk

Proactive receivables management results in a favourable working capital position where acquisition costs are excluded. The management continues its focus in this area.

Foreign exchange risk

The company is dealing in more stable currencies and has not implemented any specific policies to control this risk.

FINANCIAL KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the board on 21 May 2014 and signed on its behalf.

.....
P Rajendran
Director

NIIT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NIIT LIMITED

We have audited the financial statements of NIIT Limited for the year ended 31 March 2014, set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

NIIT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NIIT LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

Daniel Reid (Senior statutory auditor)

for and on behalf of
Donald Reid Limited

Chartered Accountants
Statutory Auditors

Prince Albert House
20 King Street
Maidenhead
Berkshire
SL6 1DT

21 May 2014

NIIT LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	14,324,718	7,336,468
Cost of sales		<u>(12,725,254)</u>	<u>(6,304,623)</u>
GROSS PROFIT		1,599,464	1,031,845
Administrative expenses		(1,883,467)	(988,957)
Other operating income	3	<u>75,256</u>	<u>30,871</u>
OPERATING (LOSS)/PROFIT	4	(208,747)	73,759
Interest receivable and similar income		638	1,023
Interest payable and similar charges	8	<u>-</u>	<u>(24,562)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(208,109)	50,220
Tax on (loss)/profit on ordinary activities	9	<u>21,674</u>	<u>(11,051)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	15	<u>(186,435)</u>	<u>39,169</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

NIIT LIMITED
REGISTERED NUMBER: 05555036

BALANCE SHEET
AS AT 31 MARCH 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	10		18,074		2,814
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	11	292,412		526,342	
Debtors: amounts falling due within one year	11	2,694,547		2,573,142	
Cash at bank		995,534		337,955	
			3,982,493	3,437,439	
CREDITORS: amounts falling due within one year	12	(3,708,697)		(2,961,948)	
NET CURRENT ASSETS			273,796		475,491
NET ASSETS			291,870		478,305
CAPITAL AND RESERVES					
Called up share capital	14		155,000		155,000
Profit and loss account	15		136,870		323,305
SHAREHOLDERS' FUNDS	16		291,870		478,305

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

.....
P Rajendran
Director

Date: 21 May 2014

The notes on pages 8 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Turnover represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	- 3-5 years on a straight line basis
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1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

NIIT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

1. ACCOUNTING POLICIES (continued)

1.7 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

2. TURNOVER

The whole of the turnover is attributable to providing knowledge solutions through Information Technology only.

A geographical analysis of turnover is as follows:

	2014 £	2013 £
United Kingdom	7,644,064	2,622,554
Rest of European Union	6,488,157	4,401,767
Rest of world	192,497	312,147
	<u>14,324,718</u>	<u>7,336,468</u>

3. OTHER OPERATING INCOME

	2014 £	2013 £
Other operating income	<u>75,256</u>	<u>30,871</u>

4. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	3,287	2,317
Difference on foreign exchange	<u>71,972</u>	<u>135,267</u>

During the year, no director received any emoluments (2013 - £NIL).

NIIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

5. AUDITORS' REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	11,002	11,175

6. STAFF COSTS

Staff costs were as follows:

	2014 £	<i>As restated</i> 2013 £
Wages and salaries	659,350	359,937
Social security costs	85,758	37,727
	745,108	397,664

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

	No.	No.
Sales & Marketing	1	1
Direct staff	24	16
Key management personnel	3	0
	28	17

NIIT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

7. SHARE BASED PAYMENTS

The Employees Stock Option Plan (ESOP) of NIIT Limited, India, which is the 100% holding company of NIIT Limited, UK was introduced in May 2005. Certain employees of the company are awarded options over the shares in the Holding company. Under the ESOP the remuneration committee can grant options over shares in the Holding company to employees of the group. Options are granted with a fixed exercise price. The contractual life of an option is 4 years. The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee and will be based on criteria such as seniority of employee, length of service, performance record, merit of the employee, future contribution potential of the employee and/or such other criteria as may be determined by the Compensation Committee at its sole discretion. There were no employees in the scheme during the year.

8. INTEREST PAYABLE

	2014	2013
	£	£
On loans from group undertakings	-	24,562
	<u> </u>	<u> </u>

9. TAXATION

	2014	2013
	£	£
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
Corporation tax charge on (loss)/profit for the year	20,000	12,374
Adjustments in respect of prior periods	(12,433)	(1,323)
	<u> </u>	<u> </u>
Total current tax	7,567	11,051
	<u> </u>	<u> </u>
Deferred tax (see note 13)		
Origination and reversal of timing differences	(29,241)	-
	<u> </u>	<u> </u>
Tax on (loss)/profit on ordinary activities	(21,674)	11,051
	<u> </u>	<u> </u>

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 23% (2013 - 24%).

NIIT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

10. TANGIBLE FIXED ASSETS

	Plant & machinery £
Cost	
At 1 April 2013	10,480
Additions	18,547
	<hr/>
At 31 March 2014	29,027
	<hr/>
Depreciation	
At 1 April 2013	7,666
Charge for the year	3,287
	<hr/>
At 31 March 2014	10,953
	<hr/>
Net book value	
At 31 March 2014	18,074
	<hr/> <hr/>
<i>At 31 March 2013</i>	<i>2,814</i>
	<hr/> <hr/>

11. DEBTORS

	2014 £	2013 £
Due after more than one year		
Prepayments and accrued income	263,171	526,342
Deferred tax asset (see note 13)	29,241	-
	<hr/>	<hr/>
	292,412	526,342
	<hr/> <hr/>	<hr/> <hr/>
	2014 £	2013 £
Due within one year		
Trade debtors	1,371,423	1,693,150
Amounts owed by group undertakings	483,640	257,186
Other debtors	333,310	215,520
Prepayments and accrued income	506,174	407,286
	<hr/>	<hr/>
	2,694,547	2,573,142
	<hr/> <hr/>	<hr/> <hr/>

NIIT LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

12. CREDITORS:

Amounts falling due within one year

	2014 £	2013 £
Trade creditors	686,840	1,786,631
Amounts owed to group undertakings	1,387,478	640,865
Other taxation and social security	386,610	3,209
Other creditors	121,875	13,301
Accruals and deferred income	1,125,894	517,942
	<u>3,708,697</u>	<u>2,961,948</u>

13. DEFERRED TAXATION

	2014 £	2013 £
At beginning of year	-	-
Released during year (P&L)	29,241	-
	<u>29,241</u>	<u>-</u>
At end of year	<u>29,241</u>	<u>-</u>

The deferred taxation balance is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	(1,650)	-
Tax losses carried forward	30,891	-
	<u>29,241</u>	<u>-</u>

14. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
155,000 Ordinary shares of £1 each	<u>155,000</u>	<u>155,000</u>

NIIT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

15. RESERVES

	Profit and loss account £
At 1 April 2013	323,305
Loss for the financial year	(186,435)
	<hr/>
At 31 March 2014	136,870
	<hr/>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	478,305	439,136
(Loss)/profit for the financial year	(186,435)	39,169
	<hr/>	<hr/>
Closing shareholders' funds	291,870	478,305
	<hr/>	<hr/>

17. CONTINGENT LIABILITIES

The company has initiated ad hoc arbitration proceedings to recover €790,260 (£652,755 at the year end exchange rate) from a customer in line with its contract for services performed. While the company is seeking to recover the amount in full, due to the uncertainty over the outcome of the arbitration process the company has recorded £263,171 as unbilled revenue within prepayments and accrued income due after more than one year in relation to this matter. The customer has not asserted a counterclaim as such no contingent liability has been recorded in the accounts.

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 from the requirement to disclose transactions with group companies on the grounds that all subsidiary undertakings that have been party to the transactions are wholly owned members of the group.

NIIT Limited, (UK) also had transactions with NIIT Technologies Limited, a company which the directors also have significant influence in. The transactions are listed below:

	2014 £	2013 £
Recovery of expenses by associate	50,990	52,366
	<hr/>	<hr/>

At the year end, included within trade creditors, was an amount of £4,411 (2013: £5,661) owed to NIIT Technologies Limited.

NIIT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014**

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate and ultimate controlling party is NIIT Limited (India), a company registered in India.

NIIT Limited (India) prepares group financial statements and copies can be obtained from 8, Balaji Estate, Guru Ravidas Marg, New Delhi - 110019, India.

NIIT LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

	2014 £	2013 £
TURNOVER	14,324,718	7,336,468
Cost of sales	(12,725,254)	(6,304,623)
	<hr/>	<hr/>
GROSS PROFIT	1,599,464	1,031,845
Gross profit %	11 %	14 %
Other operating income	75,256	30,871
	<hr/>	<hr/>
	1,674,720	1,062,716
 LESS: OVERHEADS		
Administration expenses	(1,883,467)	(988,957)
	<hr/>	<hr/>
OPERATING (LOSS)/PROFIT	(208,747)	73,759
Interest receivable	638	1,023
Interest payable	-	(24,562)
	<hr/>	<hr/>
(LOSS)/PROFIT FOR THE YEAR	(208,109)	50,220
	<hr/>	<hr/>

NIIT LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014

	2014 £	2013 £
TURNOVER		
Sales - UK	7,644,064	2,622,554
Sales - Other EU	6,488,157	4,401,767
Sales - Rest of world America	108,015	191,612
Sales - Rest of world Asia	20,331	33,730
Sales - Rest of world	64,151	86,805
	<u>14,324,718</u>	<u>7,336,468</u>
	2014 £	2013 £
COST OF SALES		
Software development	<u>12,725,254</u>	<u>6,304,623</u>
	2014 £	2013 £
OTHER OPERATING INCOME		
Other operating income	<u>75,256</u>	<u>30,871</u>

NIIT LIMITED

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2014**

	2014 £	2013 £
ADMINISTRATION EXPENSES		
Staff salaries	659,350	359,937
Staff national insurance	85,758	37,727
Staff welfare	15,629	3,043
Hotels, travel and subsistence	434,925	271,173
Printing and stationery	32	196
Postage	13	77
Telephone and fax	10,799	9,200
Advertising and promotion	5,324	5,319
Trade subscriptions	42	(623)
Legal and professional	216,373	78,273
Auditors' remuneration	11,002	11,175
Bad debts	263,171	-
Sundry expenses	46,555	55,574
Rent - non-operating leases	498	-
Insurances	2,510	794
Repairs and maintenance	-	141
Depreciation - plant and machinery	3,287	2,317
Work permit fee	6,734	3,160
Management charges	17,212	12,909
Bank charges	13,991	3,298
Foreign currency (profit)/loss	71,972	135,267
Staff recruitment	18,237	-
Tax expense	53	-
	<u>1,883,467</u>	<u>988,957</u>
	2014 £	2013 £
INTEREST RECEIVABLE		
Bank interest receivable	<u>638</u>	<u>1,023</u>
	2014 £	2013 £
INTEREST PAYABLE		
Group interest payable	<u>-</u>	<u>24,562</u>
