

Company Registration No. 06506067 (England and Wales)

IIFL WEALTH (UK) LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

IIFL WEALTH (UK) LTD

COMPANY INFORMATION

Directors	Ms S Jain Mr A Garg	(Appointed 16 August 2019)
Company number	06506067	
Registered office	68 St Margarets Road Edgware Middlesex HA8 9UU	
Auditor	Ashley King Ltd 68 St. Margarets Road Edgware Middlesex HA8 9UU	
Business address	41 Lothbury London EC2R 7HG	

IIFL WEALTH (UK) LTD

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IIFL WEALTH (UK) LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present the strategic report for the year ended 31 March 2020.

Review of the business

The principal activity of the company is to provide investment advisory and support services and also acts as a global distributor to investment funds.

The Company is regulated by the Financial Conduct Authority (FCA) in U.K.

Results and key performance indicators

The Company has performed in accordance with its strategic objectives for the year given the challenging operating environment. The company had profits before taxation and the results for the year are shown on the profit and loss account set out on page 6.

The profit and loss account of the Company also shows the key performance indicators, which are considered to be turnover, gross profit and operating profit.

Changes in the shareholder funds are set out on the Statement of Changes in Equity on page 9 of these statements.

The Company's position at the balance sheet date is shown on page 8.

Business environment

The Company's focus has been on Professional Clients and Eligible Counterparties. This market is highly comparative and there is some downward pressure on margins.

Strategy

The Company will continue to grow within the market and are currently looking at new opportunities. The Company has adequate capital and liquidity to fund the growth of the Company and is in a position to take advantage of suitable opportunities as they arise.

Principal risks and uncertainties

The process of risk management is addressed through a framework of policies, procedures and internal controls. Compliance with regulations, legal and ethical standards is a priority for the Company and is managed throughout the operational activities of the business.

Future developments

The Company plans to consolidate its market presence and may consider increasing capacity by recruiting suitable additional staff members.

On behalf of the board



Ms S Jain
Director
7 May 2020

IIFL WEALTH (UK) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their annual report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of providing investment services and other monetary intermediation.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms S Jain	(Appointed 16 August 2019)
Mr A Garg	
Mr S Vakil	(Resigned 9 October 2019)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditors, Ashley King Ltd, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Ms S Jain
Director

7 May 2020

IIFL WEALTH (UK) LTD

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

IIFL WEALTH (UK) LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IIFL WEALTH (UK) LTD

Opinion

We have audited the financial statements of IIFL Wealth (UK) Ltd (the 'company') for the year ended 31 March 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and 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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (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 March 2020 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.

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 the provisions available for small entities, in the circumstances set out in note 20 to the financial statements, 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 annual report, 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 our audit:

- 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; and
 - the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.
-

IIFL WEALTH (UK) LTD

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF IIFL WEALTH (UK) LTD

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 the directors' report.

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.

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Rajendrakumar Patel (Senior Statutory Auditor)
for and on behalf of Ashley King Ltd

11 May 2020

Chartered Accountants
Statutory Auditor

68 St. Margarets Road
Edgware
Middlesex
HA8 9UU

IIFL WEALTH (UK) LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover	3	1,170,464	1,262,710
Cost of sales		(200,364)	(46,121)
Gross profit		<u>970,100</u>	<u>1,216,589</u>
Administrative expenses		(981,300)	(1,338,945)
Operating loss	4	<u>(11,200)</u>	<u>(122,356)</u>
Interest receivable and similar income	7	162	3
Loss before taxation		<u>(11,038)</u>	<u>(122,353)</u>
Tax on loss	8	5,739	13,856
Loss for the financial year		<u><u>(5,299)</u></u>	<u><u>(108,497)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

IIFL WEALTH (UK) LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Loss for the year	(5,299)	(108,497)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(5,299)</u>	<u>(108,497)</u>

IIFL WEALTH (UK) LTD

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	9		1,015		33,760
Current assets					
Debtors	10	187,312		117,393	
Cash at bank and in hand		37,891		90,612	
		<u>225,203</u>		<u>208,005</u>	
Creditors: amounts falling due within one year	11	<u>(81,199)</u>		<u>(85,708)</u>	
Net current assets			144,004		122,297
Total assets less current liabilities			<u>145,019</u>		<u>156,057</u>
Provisions for liabilities	12		-		(5,739)
Net assets			<u>145,019</u>		<u>150,318</u>
Capital and reserves					
Called up share capital	15		150,000		150,000
Profit and loss reserves	16		(4,981)		318
Total equity			<u>145,019</u>		<u>150,318</u>

The financial statements were approved by the board of directors and authorised for issue on 7 May 2020 and are signed on its behalf by:



Ms S Jain
Director

Company Registration No. 06506067

IIFL WEALTH (UK) LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 April 2018	150,000	108,815	258,815
Year ended 31 March 2019:			
Loss and total comprehensive income for the year	-	(108,497)	(108,497)
Balance at 31 March 2019	150,000	318	150,318
Year ended 31 March 2020:			
Loss and total comprehensive income for the year	-	(5,299)	(5,299)
Balance at 31 March 2020	150,000	(4,981)	145,019

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

IIFL Wealth (UK) Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 68 St Margarets Road, Edgware, Middlesex, HA8 9UU.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

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 £.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 ‘Statement of Financial Position’ – Reconciliation of the opening and closing number of shares;
- Section 7 ‘Statement of Cash Flows’ – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’ – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 ‘Share based Payment’ – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 ‘Related Party Disclosures’ – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of IIFL Securities Limited, company No L99999MH1996PLC132983. These consolidated financial statements are available from its registered office, IIFL House, Sun Infotech Park, Road No.16V, Plot No. B-23, Thane Industrial Area, Wagle Estate, Thane -400604, Mumbai, India

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.3 Turnover

Turnover represents fees and commissions receivable net of any VAT.

Fee income represents revenue earned under a wide variety of contracts to provide marketing and business support services. Revenue is recognised as earned when, and to the extent that, the firm obtains the right to consideration in exchange for its performance under these contracts. It is measured at the fair value of the right to consideration, which represents amounts chargeable to clients, including expenses and disbursements but excluding value added tax.

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Fee income that is contingent on events outside the control of the firm is recognised when the contingent event occurs.

Amounts recoverable under ongoing work in progress, is included in debtors, and are stated at the net sales value after provision for contingencies and anticipated future losses.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	25% reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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 a decrease in the impairment loss arising from an event occurring after 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.

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts 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 creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end 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 realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
Turnover analysed by class of business		
Fees receivable	1,005,000	1,215,000
Marketing and Distribution income	165,464	47,710
	<u>1,170,464</u>	<u>1,262,710</u>
	2020 £	2019 £
Other significant revenue		
Interest income	162	3
	<u>162</u>	<u>3</u>
	2020 £	2019 £
Turnover analysed by geographical market		
United Kingdom	1,170,464	1,262,710
	<u>1,170,464</u>	<u>1,262,710</u>

Turnover relates to services rendered in the United Kingdom.

4 Operating loss

	2020 £	2019 £
Operating loss for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	7,255	-
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	7,500
Depreciation of owned tangible fixed assets	6,415	10,661
Loss on disposal of tangible fixed assets	26,329	-
	<u>47,509</u>	<u>18,161</u>

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Consultants and support staff	7	8

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	617,381	946,850
Social security costs	77,724	123,150
Pension costs	9,260	8,273
	<u>704,365</u>	<u>1,078,273</u>

6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	222,017	233,200

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020 £	2019 £
Remuneration for qualifying services	117,126	200,017

7 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest on bank deposits	-	3
Other interest income	162	-
	<u>162</u>	<u>3</u>

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	-	(14,011)
Deferred tax		
Origination and reversal of timing differences	(5,739)	155
Total tax credit	(5,739)	(13,856)

The actual credit for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Loss before taxation	(11,038)	(122,353)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	(2,097)	(23,247)
Tax effect of expenses that are not deductible in determining taxable profit	2,209	2,862
Unutilised tax losses carried forward	(6,333)	7,204
Deferred tax adjustments in respect of prior years	482	(675)
Taxation credit for the year	(5,739)	(13,856)

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

9 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2019	45,700
Disposals	(43,237)
	<hr/>
At 31 March 2020	2,463
	<hr/>
Depreciation and impairment	
At 1 April 2019	11,940
Depreciation charged in the year	6,415
Eliminated in respect of disposals	(16,907)
	<hr/>
At 31 March 2020	1,448
	<hr/>
Carrying amount	
At 31 March 2020	1,015
	<hr/> <hr/>
At 31 March 2019	33,760
	<hr/> <hr/>

10 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Trade debtors	153,981	47,710
Corporation tax recoverable	14,011	14,011
Other debtors	16,165	35,876
Prepayments and accrued income	3,155	19,796
	<hr/>	<hr/>
	187,312	117,393
	<hr/> <hr/>	<hr/> <hr/>

11 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	70,067	71,012
Other creditors	2,228	-
Accruals and deferred income	8,904	14,696
	<hr/>	<hr/>
	81,199	85,708
	<hr/> <hr/>	<hr/> <hr/>

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

12 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	13	-	5,739

13 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
ACAs	-	5,739
Movements in the year:		2020 £
Liability at 1 April 2019		5,739
Credit to profit or loss		(5,739)
Liability at 31 March 2020		-

14 Retirement benefit schemes

	2020 £	2019 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	9,260	8,273

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

15 Share capital

	2020 £	2019 £
Ordinary share capital Issued and fully paid		
150,000 Ordinary Shares of £1 each	150,000	150,000

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

16 Profit and loss reserves

	2020 £	2019 £
At the beginning of the year	318	108,815
Loss for the year	(5,299)	(108,497)
At the end of the year	<u>(4,981)</u>	<u>318</u>

17 Operating lease commitments

Operating lease payments represent rents payable by the company. At the period end the company did not have long term lease commitments. In the previous period the company had a lease for an average term of 5 years with rentals fixed for an average of 3 years with an option to extend for a further 2 years period.

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	26,226	68,597
Between two and five years	-	68,597
	<u>26,226</u>	<u>137,194</u>

18 Related party transactions

During the year the company rendered marketing support and business support services to group undertakings. The total fees for the year was £1,170,464 (2019 - £1,262,710).

At the period end there was a balance of £153,981 (2019 - £ 47,710) due to the company from group undertakings.

19 Ultimate controlling party

The company is under control of IIFL Securities Limited, registered in Mumbai, Maharashtra, India

20 Non-audit services provided by auditor

In common with many businesses of our size and nature we use our auditor to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.