Company Registration No. 06506067 (England and Wales)

IIFL WEALTH (UK) LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

IIFL WEALTH (UK) LTD

COMPANY INFORMATION

Directors	A N Shah S Vakil
Company number	06506067
Registered office	68 St Margarets Road Edgware Middlesex HA8 9UU
Auditors	Ashley King Ltd 68 St. Margarets Road Edgware Middlesex HA8 9UU
Business address	45 King William Street London United Kingdom EC4R 9AN

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IIFL WEALTH (UK) LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present the strategic report and financial statements for the year ended 31 March 2016.

Review of the business

The principal activity of the company is to provide investment advisory, and 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 8 of these statements.

The Company's position at the balance sheet date is shown on page 7.

Business environment

The Company's focus has been on Professional Clients and Eligible Counter Parties. 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 it market presence and increase capacity by recruiting suitable additional staff members.

On behalf of the board

....

S Vakil

Director

4th May 2016

IIFL WEALTH (UK) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present their annual report and financial statements for the year ended 31 March 2016.

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:

A N Shah
S Vakil

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.

Auditors

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

Statement of disclosure to auditors

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 auditors are 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 auditors are aware of that information.

On behalf of the board

....

S Vakil
Director

4th May 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

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;
- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IIFL WEALTH (UK) LTD

We have audited the financial statements of IIFL Wealth (UK) Ltd for the year ended 31 March 2016 set out on pages 6 to 17. 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), including Financial Reporting Standard 102.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 Annual 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 2016 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.

Opinion on other matters 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.

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

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.

Other matters

The company requires audited financial statements to meet the local reporting requirements which its holding company has. This does not allow sufficient time for third parties to respond to audit confirmation requests. In particular bank audit report is outstanding and our audit report is issued on the assumption that, when received it will provide the anticipated confirmations. We have however performed alternative tests to verify the reported bank balance figures in the financial statements.

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

Chartered Accountants
Statutory Auditor

4th May 2016

68 St. Margarets Road
Edgware
Middlesex
HA8 9UU

IIFL WEALTH (UK) LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2015 £
Turnover	**3**	595,000	455,000
Administrative expenses		(571,349)	(420,839)
Operating profit	**4**	23,651	34,161
Interest receivable and similar income	**6**	1,192	306
Profit before taxation		24,843	34,467
Taxation	**7**	(7,007)	(9,419)
Profit for the financial year	**13**	17,836	25,048
Total comprehensive income for the year		17,836	25,048

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

IIFL WEALTH (UK) LTD

BALANCE SHEET

AS AT 31 MARCH 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	8		763		466
Current assets					
Debtors	10	122,216		42,969	
Cash at bank and in hand		102,075		144,622	
		224,291		187,591	
Creditors: amounts falling due within one year	11	(40,581)		(21,420)	
Net current assets			183,710		166,171
Total assets less current liabilities			184,473		166,637
Capital and reserves					
Called up share capital	12		150,000		150,000
Profit and loss reserves	13		34,473		16,637
Total equity			184,473		166,637

The financial statements were approved by the board of directors and authorised for issue on 4th May 2016 and are signed on its behalf by:

A N Shah
Director

S Vakil
Director

Company Registration No. 06506067

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital	Profit and loss reserves	Total
		£	£	£
Balance at 1 April 2014		150,000	(8,411)	141,589
Period ended 31 March 2015:				
Profit and total comprehensive income for the year		-	25,048	25,048
Balance at 31 March 2015		150,000	16,637	166,637
Period ended 31 March 2016:				
Profit and total comprehensive income for the year		-	17,836	17,836
Balance at 31 March 2016		150,000	34,473	184,473

IIFL WEALTH (UK) LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash absorbed by operations	**17**		(4,323)		(20,605)
Income taxes paid			(9,420)		(2,346)
Net cash outflow from operating activities			(13,743)		(22,951)
Investing activities					
Purchase of tangible fixed assets		(496)		-	
Proceeds from other investments and loans		(29,500)		-	
Interest received		1,192		306	
Net cash (used in)/generated from investing activities			(28,804)		306
Net cash used in financing activities			-		-
Net decrease in cash and cash equivalents			(42,547)		(22,645)
Cash and cash equivalents at beginning of year			144,622		167,267
Cash and cash equivalents at end of year			102,075		144,622

1 Accounting policies

Company information

IIFL Wealth (UK) Ltd is a 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.

These financial statements for the year ended 31 March 2016 are the first financial statements of IIFL Wealth (UK) Ltd prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

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.

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 referral 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 in accordance with UITF 40 - Revenue Recognition and Service Contracts, and are stated at the net sales value after provision for contingencies and anticipated future losses.

1 Accounting policies **(Continued)**

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

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 end date, the company reviews the carrying amounts of its tangible and intangible 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.

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) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in 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 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 statement of financial position 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.

1 Accounting policies **(Continued)**

Basic financial assets

Basic financial assets, which include trade and other receivables 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.

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.

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, including trade and other payables, 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 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.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1 Accounting policies **(Continued)**

1.8 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.

1.9 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.

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:

	2016 £	2015 £
Turnover		
Fees receivable	595,000	455,000
Other significant revenue		
Interest income	1,192	306

Turnover analysed by geographical market

	2016 £	2015 £
United Kingdom	595,000	455,000

Turnover relates to services rendered in the United Kingdom.

4 Operating profit

Operating profit for the year is stated after charging/(crediting):	2016 £	2015 £
Fees payable to the company's auditors for the audit of the company's financial statements	5,000	5,000
Depreciation of owned tangible fixed assets	199	155

5 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	198,659	148,349

6 Interest receivable and similar income

	2016 £	2015 £
Interest income		
Interest on bank deposits	224	306
Other interest income	968	-
Total income	1,192	306

6 Interest receivable and similar income

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	224	306

7 Taxation

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current period	7,007	9,419

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2016 £	2015 £
Profit before taxation	24,843	34,467
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	4,969	6,893
Tax effect of expenses that are not deductible in determining taxable profit	2,038	2,526
Tax expense for the year	7,007	9,419

8 Tangible fixed assets

	Fixtures, fittings & equipment £
Cost	
At 1 April 2015	1,320
Additions	496
At 31 March 2016	1,816
Depreciation and impairment	
At 1 April 2015	854
Depreciation charged in the year	199
At 31 March 2016	1,053
Carrying amount	
At 31 March 2016	763
At 31 March 2015	466

9 Financial instruments

	2016	2015
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	114,499	37,025
Carrying amount of financial liabilities		
Measured at amortised cost	33,574	12,000

10 Debtors

	2016	2015
Amounts falling due within one year:	£	£
Trade debtors	84,999	35,000
Other debtors	31,977	4,208
Prepayments and accrued income	5,240	3,761
	122,216	42,969

11 Creditors: amounts falling due within one year

		2016	2015
	Notes	£	£
Corporation tax		7,007	9,420
Other creditors		28,574	-
Accruals and deferred income		5,000	12,000
		40,581	21,420

12 Share capital

	2016	2015
	£	£
Ordinary share capital		
Issued and fully paid		
150,000 Ordinary Shares of £1 each	150,000	150,000

13 Profit and loss reserves

	2016	2015
	£	£
At the beginning of the year	16,637	(8,411)
Profit for the year	17,836	25,048
At the end of the year	34,473	16,637

14 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel, who are also directors, is as follows.

	2016	2015
	£	£
Aggregate compensation	198,659	148,349

No guarantees have been given or received.

During the year the company received marketing support and referral fees of £595,000 (2015 - £390,000) were received from IIFL Private Wealth Mauritius Ltd, a co subsidiary company. The balance outstanding at 31 March 2016 was £60,000 (2015 - £30,000)

15 Directors' transactions

Description	% Rate	Opening Balance	Amounts Advanced	Interest Charged	Amounts Repaid	Closing Balance
		£	£	£	£	£
S Vakil	3.25	-	35,000	968	6,468	29,500
		-	35,000	968	6,468	29,500

16 Controlling party

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

17 Cash generated from operations

	2016	2015
	£	£
Profit for the year after tax	17,836	25,048
Adjustments for:		
Taxation charged	7,007	9,419
Investment income	(1,192)	(306)
Depreciation and impairment of tangible fixed assets	199	155
Movements in working capital:		
(Increase) in debtors	(49,453)	(34,122)
Increase/(decrease) in creditors	21,280	(20,799)
Cash absorbed by operations	(4,323)	(20,605)