

Company Registration No. 06506067 (England and Wales)

IIFL WEALTH (UK) LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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
Auditor	Ashley King Ltd 68 St. Margarets Road Edgware Middlesex HA8 9UU

IIFL WEALTH (UK) LTD

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IIFL WEALTH (UK) LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Review of the business

The principal activity of the company is to provide investment advisory and support services.

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 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.

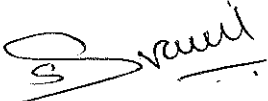
Principal risks and uncertainties

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 its market presence and increase capacity by recruiting suitable additional staff members.

On behalf of the board



S Vakil

Director

30 April 2018

IIFL WEALTH (UK) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

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.

Auditor

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

Statement of directors' responsibilities

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.

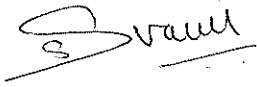
Statement of disclosure to auditor

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.

IIFL WEALTH (UK) LTD

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

On behalf of the board



S Vakil
Director
30 April 2018

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 2018 which comprise the Profit And Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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.

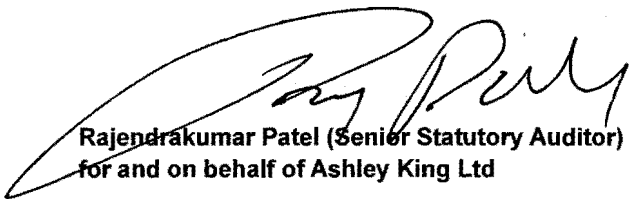
In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company 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.

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

30 April 2018

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 2018

	Notes	2018 £	2017 £
Turnover	3	1,095,000	757,083
Administrative expenses		(1,016,348)	(737,428)
Other operating income		203	760
Operating profit	4	<u>78,855</u>	<u>20,415</u>
Interest receivable and similar income	7	2	132
Profit before taxation		<u>78,857</u>	<u>20,547</u>
Tax on profit	8	(19,595)	(5,467)
Profit for the financial year		<u><u>59,262</u></u>	<u><u>15,080</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 2018

	2018 £	2017 £
Profit for the year	59,262	15,080
Other comprehensive income	-	-
Total comprehensive income for the year	<u>59,262</u>	<u>15,080</u>

IIFL WEALTH (UK) LTD

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	9		29,388		1,132
Current assets					
Debtors	11	65,574		161,835	
Cash at bank and in hand		252,606		69,462	
		<u>318,180</u>		<u>231,297</u>	
Creditors: amounts falling due within one year	12	<u>(83,169)</u>		<u>(32,876)</u>	
Net current assets			235,011		198,421
Total assets less current liabilities			264,399		199,553
Provisions for liabilities	13		(5,584)		-
Net assets			<u>258,815</u>		<u>199,553</u>
Capital and reserves					
Called up share capital	16		150,000		150,000
Profit and loss reserves	17		108,815		49,553
Total equity			<u>258,815</u>		<u>199,553</u>

The financial statements were approved by the board of directors and authorised for issue on 30 April 2018 and are signed on its behalf by:


A N Shah
Director


S Vakil
Director

Company Registration No. 06506067

IIFL WEALTH (UK) LTD

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 April 2016	150,000	34,473	184,473
Year ended 31 March 2017:			
Profit and total comprehensive income for the year	-	15,080	15,080
Balance at 31 March 2017	150,000	49,553	199,553
Year ended 31 March 2018:			
Profit and total comprehensive income for the year	-	59,262	59,262
Balance at 31 March 2018	150,000	108,815	258,815

IIFL WEALTH (UK) LTD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	22		202,880		(39,482)
Income taxes paid			(5,476)		(7,000)
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			197,404		(46,482)
Investing activities					
Purchase of tangible fixed assets		(29,262)		(763)	
Proceeds from other investments and loans		15,000		14,500	
Interest received		2		132	
		<u> </u>		<u> </u>	
Net cash (used in)/generated from investing activities			(14,260)		13,869
Net cash used in financing activities			-		-
			<u> </u>		<u> </u>
Net increase/(decrease) in cash and cash equivalents			183,144		(32,613)
Cash and cash equivalents at beginning of year			69,462		102,075
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>252,606</u>		<u>69,462</u>

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 Holdings Ltd, company No L74999MH1995PLC093797. 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 -40604 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 2018

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 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.

1.4 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 2018

1 Accounting policies

(Continued)

1.6 Cash and cash equivalents

Cash at bank and in hand 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.

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.

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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 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.

Derecognition of financial liabilities

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

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.

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

1.10 Retirement benefits

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

1.11 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 are included in the profit and loss account for the period.

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.

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

3 Turnover and other revenue

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

	2018 £	2017 £
Turnover analysed by class of business		
Fees receivable	1,095,000	757,083
	<u>1,095,000</u>	<u>757,083</u>
	2018 £	2017 £
Other significant revenue		
Interest income	2	132
	<u>2</u>	<u>132</u>
	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	1,095,000	757,083
	<u>1,095,000</u>	<u>757,083</u>

Turnover relates to services rendered in the United Kingdom.

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging:		
Exchange losses	57	144
Fees payable to the company's auditor for the audit of the company's financial statements	7,500	5,000
Depreciation of owned tangible fixed assets	1,005	394
	<u>8,562</u>	<u>5,538</u>

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £57 (2017 - £144).

5 Employees

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

	2018 Number	2017 Number
Consultants and support staff	8	4
	<u>8</u>	<u>4</u>

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

5	Employees	(Continued)	
	Their aggregate remuneration comprised:		
		2018	2017
		£	£
	Wages and salaries	735,856	534,110
	Social security costs	89,945	66,241
	Pension costs	1,243	-
		<u>827,044</u>	<u>600,351</u>
		<u><u>827,044</u></u>	<u><u>600,351</u></u>
6	Directors' remuneration		
		2018	2017
		£	£
	Remuneration for qualifying services	297,739	231,457
		<u>297,739</u>	<u>231,457</u>
		<u><u>297,739</u></u>	<u><u>231,457</u></u>
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
		2018	2017
		£	£
	Remuneration for qualifying services	297,739	231,457
		<u>297,739</u>	<u>231,457</u>
		<u><u>297,739</u></u>	<u><u>231,457</u></u>
7	Interest receivable and similar income		
		2018	2017
		£	£
	Interest income		
	Interest on bank deposits	2	132
		<u>2</u>	<u>132</u>
		<u><u>2</u></u>	<u><u>132</u></u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	2	132
		<u>2</u>	<u>132</u>
		<u><u>2</u></u>	<u><u>132</u></u>
8	Taxation		
		2018	2017
		£	£
	Current tax		
	UK corporation tax on profits for the current period	14,011	5,474
	Adjustments in respect of prior periods	-	(7)
		<u>14,011</u>	<u>5,467</u>
	Total current tax	<u>14,011</u>	<u>5,467</u>
		<u><u>14,011</u></u>	<u><u>5,467</u></u>

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

8	Taxation		(Continued)
	Deferred tax		
	Origination and reversal of timing differences	5,584	-
		<u> </u>	<u> </u>
	Total tax charge	19,595	5,467
		<u> </u>	<u> </u>

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

	2018	2017
	£	£
Profit before taxation	78,857	20,547
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	14,983	4,109
Tax effect of expenses that are not deductible in determining taxable profit	4,384	1,358
Effect of change in corporation tax rate	228	-
	<u> </u>	<u> </u>
Taxation charge for the year	19,595	5,467
	<u> </u>	<u> </u>

9 Tangible fixed assets

	Fixtures, fittings & equipment
	£
Cost	
At 1 April 2017	2,579
Additions	29,262
Disposals	(1,172)
	<u> </u>
At 31 March 2018	30,669
	<u> </u>
Depreciation and impairment	
At 1 April 2017	1,447
Depreciation charged in the year	1,005
Eliminated in respect of disposals	(1,172)
	<u> </u>
At 31 March 2018	1,280
	<u> </u>
Carrying amount	
At 31 March 2018	29,389
	<u> </u>
At 31 March 2017	1,132
	<u> </u>

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10	Financial instruments		2018	2017
			£	£
	Carrying amount of financial assets			
	Debt instruments measured at amortised cost		45,215	156,700
			<u> </u>	<u> </u>
	Carrying amount of financial liabilities			
	Measured at amortised cost		69,160	27,402
			<u> </u>	<u> </u>
11	Debtors		2018	2017
			£	£
	Amounts falling due within one year:			
	Trade debtors		-	122,500
	Amounts owed by group undertakings		-	15,000
	Other debtors		61,820	22,579
	Prepayments and accrued income		3,754	1,756
			<u> </u>	<u> </u>
			<u>65,574</u>	<u>161,835</u>
12	Creditors: amounts falling due within one year		2018	2017
			£	£
	Corporation tax		14,009	5,474
	Other creditors		55,950	22,402
	Accruals and deferred income		13,210	5,000
			<u> </u>	<u> </u>
			<u>83,169</u>	<u>32,876</u>
13	Provisions for liabilities		2018	2017
			£	£
	Deferred tax liabilities	Notes	5,584	-
		14	<u> </u>	<u> </u>

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

14 Deferred taxation

(Continued)

There were no deferred tax movements in the year.

The deferred tax liability set out above is expected to reverse within [12 months] and relates to accelerated capital allowances that are expected to mature within the same period.

15 Retirement benefit schemes

	2018	2017
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	1,243	-

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.

16 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
150,000 Ordinary Shares of £1 each	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

17 Profit and loss reserves

	2018	2017
	£	£
At the beginning of the year	49,553	34,473
Profit for the year	59,262	15,080
	<u>108,815</u>	<u>49,553</u>

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

18 Operating lease commitments

Operating lease payments represent rents payable by the company for its property. The lease is 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:

	2018 £	2017 £
Within one year	68,597	-
Between two and five years	137,193	-
	<u>205,790</u>	<u>-</u>

19 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	<u>297,739</u>	<u>231,457</u>

During the year the company rendered marketing support and referral services to group undertakings. The total fees for the year was £840,000 (2017 - £585,000).

There are no balances outstanding at the period end from group undertakings.

20 Directors' transactions

Description	% Rate	Opening balance £	Interest charged £	Amounts repaid £	Closing balance £
S Vakil -	3.25	15,000	203	(15,203)	-
		<u>15,000</u>	<u>203</u>	<u>(15,203)</u>	<u>-</u>

21 Controlling party

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

IIFL WEALTH (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

22 Cash generated from operations	2018	2017
	£	£
Profit for the year after tax	59,262	15,080
Adjustments for:		
Taxation charged	19,595	5,467
Investment income	(2)	(132)
Depreciation and impairment of tangible fixed assets	1,005	394
Movements in working capital:		
Decrease/(increase) in debtors	94,488	(53,217)
Increase/(decrease) in creditors	28,532	(7,074)
Cash generated from/(absorbed by) operations	<u>202,880</u>	<u>(39,482)</u>