

Report and Financial Statements Axon Solutions Limited

For the year ended 31 March 2021

Registered number : 02976395

Axon Solutions Limited

Company Information

Directors Mr. Manish Anand
Mr. Shiv Walia
Mr. Rahul Singh
Mr. Ajit Kumar
Mr. Subramanian Gopalakrishnan

Registered number 02976395

Registered office Axon Centre
Church Road
Egham
Surrey
TW20 9QB
United Kingdom

Independent auditors KNAV
Hygeia bulidng, Ground floor
66-68, College road
Harrow, Middlesex
HA1 1BE, UK

Bankers Deutsche Bank
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Winchester House
1 great Winchester Street
London EC2N 2DB.

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Strategic report

For the year ended 31 March 2021

Introduction

The directors present their Strategic Report for the year ended 31 March 2021.

Principal activities

With effect from 1 April 2020, the company has sold its trading business to its fellow subsidiary. Therefore, the company's principal activity is now to act as holding company for the investment in the shares of companies providing services associated with IT and business services, engineering and R & D services and services related to products and platforms. During the previous financial year, the company's principal activity was the provision of SAP consulting, ERP implementation and re-engineering services.

Review of business

The results of the Company and its key performance indicators ("KPI") are as follows:

	31 March 2021 £000	31 March 2020 £000
Turnover	-	48,369
Gross profit	-	13,881
Operating profit	(31)	6,329
Profit for the financial year	<u>13,527</u>	<u>5,320</u>

The Company has sold its trading business to its fellow subsidiary, as a result turnover in 2021 is Nil (2020- £48 million). The profit for the financial year has increased mainly on account of profit of £ 12 million from the sale of its trading business to its fellow subsidiary.

There are no non financial KPI that management monitors.

Principal risks and uncertainties

Aside from investments, the Company principally engages in short term financial instruments and mitigates exposure to the associated risks of these instruments with support from the ultimate parent company and other entities within the wider group. The Company also closely monitors the results of its investments to determine whether the carrying values are appropriate.

Additional economic uncertainty has arisen as a result of the June 2016 referendum and subsequent triggering of Article 50 of the Lisbon treaty, which resulted in UK to exit the EU on 31 January 2020. The implications continue to remain uncertain as United Kingdom negotiates its position. Aside from resultant foreign exchange movements this did not have any adverse impact on the company's business so far and management will further follow up if any measures are necessary to reduce potential business risk.

Strategic report (continued)

For the year ended 31 March 2021

Financial Instruments

The Company's operations expose it to a variety of financial instrument related risks such as foreign exchange risk and liquidity risk. The Company has adequate controls in place that seek to minimise the adverse effects of these financial risks on the Company's financial performance.

1. Foreign exchange rate risk

Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency which is not the Company's functional currency. The ultimate parent company takes hedges to minimise the risk at overall group level. As per parent ultimate company's risk management policy, hedges are predominantly taken by ultimate parent company to hedge the foreign currency risk. In certain cases, to address specific risks, hedges may be taken at subsidiary level.

2. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short term bank deposits. The Directors do not see any significant exposure to liquidity risk. The Company's liquidity risk is further mitigated through the availability of financing from its ultimate parent undertaking. The Company also has an overdraft facility from its banker which can be used as and if required.

Cash flow performance is monitored on an ongoing basis by the Board.

The company also carries material balances due from and to related parties. Exposure to credit and liquidity risk arising from related party is managed by principally transacting with other wholly owned related parties under central group treasury management.

3. Investment impairment risk

The most significant financial instrument held by the company is its investments in subsidiaries. The directors understanding of the risks associated with the investments held by the entity relate to the potential impairment of those investments. To identify any risk of impairment in a timely manner, the company reviews the financial performance of its investments on a regular basis.

Strategic report (continued)

For the year ended 31 March 2021

Impact of Covid

The impact of Covid in the entities in which entity has its investment.

1. Industry risk

At company level by looking at industry and service line, technology service industry remains largely unimpacted.

2. Customer risk

We are expecting reduction in discretionary spend by the customers, recovery of demand depends on the longtivity of the Covid 19 situation.

3. Counterparty risk

There will be some impact on customers where the customers are seeking reduction in price as well as extended payment terms. However, we don't expect our major customers to impact us in a major way.

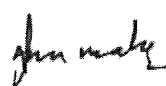
4. Employee risk

Company has restricted the recruitment to need based requirements of business only. Company should be able to get the required skills as there is big pool of resources in Holding company which is based out of India.

5. Financing risk

These are evaluated at ultimate parent company level as this company gets required financial assistance if needed from the ultimate parent company or its subsidiaries.

This report was approved by the board of directors on 26 August, 2021 and signed on its behalf.



Shiv Kumar Walia
Director



Manish Anand
Director

Directors' report

For the year ended 31 March 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Results and dividends

The profit for the year, after taxation, amounted to £13,527,000 (2020 -£5,320,000).

The company has not made any political and charitable contributions during the year.

During the year, the Company did not declare any dividend (2020 - Nil).

Directors

The directors who served during the year and to the date of approving the financial statements were:

Mr. Manish Anand

Mr. Shiv Walia

Mr. Rahul Singh

Mr. Ajit Kumar

Mr. Subramanian Gopalakrishnan

Future developments

With effect from 1 April 2020, the company is an investment entity and plans to invest further in its existing subsidiaries.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

On 1 April 2020, the company entered into an agreement with its fellow subsidiary, HCL Technologies UK Limited to sell its trading business and related assets and liabilities, other than cash and cash equivalent and certain intra group balances and other non-trading assets and liabilities, of the entity for the fair value consideration of GBP 49,699k having book value of GBP 37,389k. With effect from 1 April 2020, the company's principal activity is to act as holding company for the investment in the shares of companies providing services associated with IT and business services, engineering and R & D services and services related to products and platforms.

The directors do not anticipate the current on going Covid 19 pandemic to have a significant impact on the future cash flows of the company.

In addition, though not forecasted to be required, the Directors have received confirmation from the Company's parent company, HCL Technologies Limited, that further support will be available should it be required.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' report (continued)

For the year ended 31 March 2021

Sec 172 disclosure

The Board of Directors determines the purpose and values of the Company. The primary role of the Board is that of trusteeship, to protect and enhance stakeholders' value through the strategic supervision of the Company and its subsidiaries.

The Company is controlled by a Board that exercises leadership, integrity and judgments, to achieve continuing prosperity and to act in the best interest of the Company. The Board plays a critical role of supervising the approach of the management who serves to achieve the short/long term interests of the shareholders and other stakeholders. The Board ensures that the Company complies with all relevant laws, regulations, governance practices, accounting and auditing standards. It identifies key risk areas and key performance indicators of the Company's business and constantly monitor these factors.

The Board is entrusted with the ultimate responsibility of the management, general affairs direction and performance of the Company and has been vested with the requisite powers, authorities and duties.

Director's Responsibilities

The directors have an obligation to remain informed about the Company and its business, including the principal operational and financial objectives, strategies and plans of the Company, relative standing of the business segments within the Company and vis-a-vis the competitors of the Company, factors that determine the Company's success, results of operations and financial condition of the Company and the significant subsidiaries and business segments.

Board Meeting: Board meetings are held to review the financial performance of the Company, to approve annual accounts and other important items that require consideration and approval of the Board. The Company effectively uses teleconferencing facilities to enable the participation of Directors in these meeting.

The agenda for the meeting is circulated to Directors of the Company in advance. The long-term consequences of each decision are also taken into consideration while approving such agenda items by the Board

The Board engages with all key stakeholders as an investment holding company.

Disclosure of information to auditor

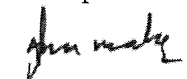
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


Reappointment of auditor

As per section 485 of the Companies Act 2006 KNAV was appointed as the auditor of the company for FY 2020-21. In accordance with section 487 of the Companies Act 2006, a resolution for their re-appointment as auditor of the Company for FY 2021-22 will be placed for the shareholders' approval.

This report was approved by the board of directors on 26 August, 2021 and signed on its behalf.



Shiv Kumar Walia
Director



Manish Anand
Director

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

For the year ended 31 March 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the Members of Axon Solutions Limited

Opinion

We have audited the financial statements of Axon Solutions Limited (the 'company') for the year ended 31 March 2021, which comprise the Statement of Profit and Loss and Other Comprehensive Income, Statement of Financial Position, 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 Financial Reporting Standard 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 2021 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Independent Auditor's Report to the Members of Axon Solutions Limited (continued)

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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 Statement of Directors' Responsibilities [set out on page 6], 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.

Independent Auditor's Report to the Members of Axon Solutions Limited (continued)

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.

Extent to which the audit is capable of detecting irregularities, including fraud

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations – this responsibility lies with management with the oversight of the Directors.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, Financial Reporting Standard 102 and UK taxation legislation as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors minutes;;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

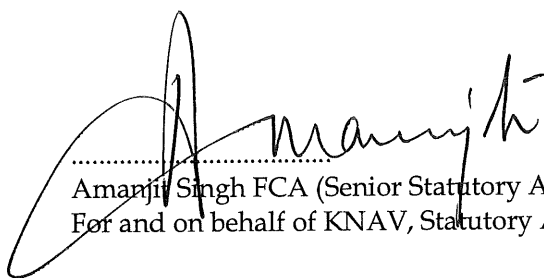
The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Axon Solutions Limited (continued)

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.



.....
Amanjit Singh FCA (Senior Statutory Auditor)
For and on behalf of KNAV, Statutory Auditor

Hygeia Building
Ground Floor
66-68 College Road
Harrow
Middlesex
HA1 1BE

Date : 26 August 2021

Statement of profit and loss and other comprehensive income

For the year ended 31 March 2021

	Note	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Turnover	4	-	48,369
Cost of sales		-	(34,488)
Gross profit		-	13,881
Administrative expenses		(31)	(11,657)
Other operating income	5	-	4,105
Operating profit		(31)	6,329
Other non- operating income		1,526	-
Interest receivable and similar income	8	22	446
Interest payable and similar charges	9	(15)	(155)
Profit on sale of business	27	12,310	-
Profit on before tax		13,812	6,620
Tax on profit	10	(285)	(1,300)
Profit for the year		13,527	5,320
Other comprehensive income		-	-
Total comprehensive income for the year		13,527	5,320

The notes on pages 14 to 31 form part of these financial statements.

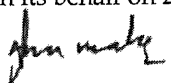
All amounts relate to continuing operations.


Statement of Financial Position

As at 31 March 2021

	Note	31 March 2021 £000	31 March 2020 £000
Fixed assets			
Intangible assets	11	-	1,208
Tangible fixed assets	12	-	1,222
Investments	13	<u>7,062</u>	<u>7,062</u>
		7,062	9,492
Current assets			
Debtors: amounts falling due after more than one year	14	194	546
Debtors: amounts falling due within one year	14	48,145	67,600
Cash at bank and in hand	15	<u>8,508</u>	<u>4,147</u>
		56,846	72,293
Creditors: amounts falling due within one year	16	<u>(2,889)</u>	<u>(33,702)</u>
Net current assets		53,958	38,591
Total assets less current liabilities		61,020	48,083
Creditors: amounts falling due after more than one year	18	-	(82)
Provisions for liabilities			
Other provisions	19	<u>-</u>	<u>(509)</u>
		-	(509)
Net assets		61,020	47,492
Capital and reserves			
Called up share capital	20	1	1
Share premium account	21	51	51
Equity reserve	21	20,647	20,647
Other reserve	21	(416)	(416)
Retained earnings		<u>40,737</u>	<u>27,210</u>
Shareholder's funds		61,020	47,492

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 26 August, 2021.


Shiv Kumar Walia
Director


Manish Anand
Director

The notes on pages 14 to 31 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital	Share premium	Equity reserve	Other reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000
At 1 April 2019	1	51	20,647	(416)	21,889	42,172
Profit for the year	-	-	-	-	5,320	5,320
Total comprehensive income for the year	-	-	-	-	5,320	5,320
At 31 March 2020	<u>1</u>	<u>51</u>	<u>20,647</u>	<u>(416)</u>	<u>27,210</u>	<u>47,492</u>
At 1 April 2020	1	51	20,647	(416)	27,210	47,492
Profit for the year	-	-	-	-	13,527	13,527
Total comprehensive income for the year	-	-	-	-	13,527	13,527
At 31 March 2021	<u>1</u>	<u>51</u>	<u>20,647</u>	<u>(416)</u>	<u>40,737</u>	<u>61,020</u>

The notes on pages 14 to 31 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2021

1. Company information

Axon Solutions Limited is a company incorporated in England. The registered office is Axon Centre, Church Road, Egham, Surrey, TW20 9QB, United Kingdom.

2. Accounting policies

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standards Applicable in the UK and Republic of Ireland' and companies Act 2006 under historical cost convention except for derivatives which are measured at fair value.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company's functional and presentational currency is Pounds Sterling (GBP). The financial statements are presented in round thousands.

The financial statements contain information about Axon Solutions Limited as an individual Company and are not consolidated financial statements. The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare group financial statements as it and its subsidiary undertakings are included in the group financial statements of its ultimate parent company, HCL Technologies Limited, a Company incorporated in India, which are publicly available at company's website <https://www.hcltech.com>.

2.1 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.
- the requirements of Section 11 Basic Financial Instruments.

This information is included in the consolidated financial statements of HCL Technologies Limited as at 31 March 2021 and these financial statements may be obtained from the Companies Registrar in India.

Notes to the financial statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.2 Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

On 1 April 2020, the company entered into an agreement with its fellow subsidiary, HCL Technologies UK Limited to sell its trading business and related assets and liabilities, other than cash and cash equivalent and certain intra group balances and other non- trading assets and liabilities, of the entity for the fair value consideration of GBP 49,699k having book value of GBP 37,389k. With effect from 1 April 2020, the company's principal activity is to act as holding company for the investment in the shares of companies providing services associated with IT and business services, engineering and R & D services and services related to products and platforms.

The directors do not anticipate the current on going Covid 19 pandemic to have a significant impact on the future cash flows of the company.

In addition, though not forecasted to be required, the Directors have received confirmation from the Company's parent company, HCL Technologies Limited, that further support will be available should it be required.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for atleast 12 months from the date of approval of financial statements and therefore have prepared the financial statements on a going concern basis.

2.3 Turnover

Turnover is measured at the fair value of fees received or receivable, and represents amounts receivable for services provided to third parties in the normal course of business net of discounts, value added tax and other sales related taxes.

Turnover from consultancy services, installation and other services is recognised when services have been provided and the right to consideration has been earned. It excludes expenses recharged to clients at nil margin, which are accounted for as a contribution to cost of sales.

Turnover from maintenance, support and other periodically contracted services or products is recognised on a pro rata basis over the contract period.

Amounts invoiced but not recognised are accounted for within deferred income. Losses on fixed price contracts are taken in proportion to the cost of work performed on each contract relative to the estimated total cost of completing the contract. Provision is made for all anticipated contract losses as soon as they are identified. Loss on time and material contracts are recognised in line with the effort expended.

Notes to the financial statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.3 Turnover(continued)

Turnover from fixed price contracts is recognised in accordance with the percentage completion method under which the turnover is recognised on the basis of cost incurred in respect of each contract as a proportion of total cost expected to be incurred. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provision for estimated losses is made during the year in which a loss becomes probable based on current cost estimates.

Turnover from sales of Axon Solutions software licenses to end users is recognised when the product is delivered providing there are no outstanding performance obligations.

The gross amount due from customers for contract work is included within debtors as trade debtors and amounts recoverable on contracts, and the gross amount due to suppliers is included under creditors falling due within one year as trade creditors.

Trade discounts are provided to customers in accordance with the agreed terms and conditions outlined in the customer contract and are accounted for as reduction in turnover.

There is no turnover in the year as the trading business was sold at the beginning of the year.

2.4 Intangible assets

Goodwill

Goodwill arose on the acquisition of a business and is capitalised, classified as an asset on the balance sheet, and amortised on a straight line basis over its estimated useful economic life. It is reviewed for impairment at the end of its first full financial year following the acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill arising on acquisition is amortised over 10 years on a straight line basis, the period over which the directors expect to benefit from the reputation, contacts and skills of each acquired business. If a business is subsequently sold or closed, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into determining the profit or loss on sale or closure.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life of ten years.

2.5 Tangible fixed assets

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Notes to the financial statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

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

The estimated useful life ranges as follows:

Building	20 years
Furniture, fixtures and office equipment	5-7 years
Computer and networking equipment	4-5 years
Software	3 years

Advances paid towards the acquisition of property and equipment and cost of property and equipment not put to use before balance sheet date are classified as capital work in progress.

Capital WIP is not depreciated.

2.6 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the life of the lease.

2.7 Leased assets: Lessor

Where assets leased to a third party give rights approximating to ownership (financeleases), the assets are treated as if they had been sold outright. The amount removed from the fixed assets is the net book value on disposal of the asset. The profit on disposal, being the excess of the present value of the minimum leases payments over net book value is credited to profit or loss.

Lease payments are analysed between capital and interest components so that the interest element of the payment is credited to profit or loss over the term of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts owed by the lessee.

2.8 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Impairment of assets

At each reporting date, fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the statement of profit and loss and other comprehensive income.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss and other comprehensive income.

Notes to the financial statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.10 Provisions for liabilities

A provision is recognised when a company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are created based on best estimate availability at the time of creating the liability which is reviewed from time to time and updated appropriately.

2.11 Foreign currency translation

The financial statements of the company are presented in Pounds Sterling.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Foreign-currency denominated monetary assets and liabilities are translated to the relevant functional currency at exchange rates in effect at the balance sheet date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of initial transaction.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Turnover, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

2.12 Interest income

Interest income is recognised in the Statement of profit and loss and other comprehensive income using the effective interest method.

Notes to the financial statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of profit and loss and other comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.14 Finance costs

Finance costs are charged to the Statement of profit and loss and other comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.15 Financial instruments

The Company enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like cash, trade and other accounts receivable and payable, forward contracts, bank overdraft, loans to and from related parties and investments.

Notes to the financial statements

For the year ended 31 March 2021

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out right short term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of profit and loss and other comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

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 Statement of comprehensive statement as "exchange gain (losses)". Foreign exchange forward contracts are purchased to mitigate the risk of changes in foreign exchange rates.

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

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

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

For the year ended 31 March 2021

2.16 Deferred costs

Certain upfront non recurring costs are incurred in the initial phases of outsourcing contracts and contract acquisition. Costs that are directly attributable to a contract are capitalised when the contract will result in future net cash inflows with a present value at least equal to all amounts recognised as an asset.

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations. The contributions are recognised as an expense in the Statement of profit and loss and other comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS102 requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, turnover, costs, expenses and other comprehensive income that are reported and disclosed in the financial statements and accompanying notes. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions are used as follows

Provisions against receivables

Using information available at the balance sheet date, the Directors make assumptions on the estimated debt recovery rates, based on experience, regarding the level of provision required to account for potentially uncollectible receivables. The provision at the balance sheet date was NIL (2020-£411,000).

Unbilled revenue

Using information available at the balance sheet date, the Directors make assumptions on the estimated unbilled revenue, based on the level of efforts required to account for potential unbilled revenue NIL (2020-£1,649,000).

Provisions against impairment of goodwill

Using information available at the balance sheet date, the Directors make assumptions on any indication that goodwill have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected goodwill is estimated and compared with its carrying amount. If the estimated net worth amount is lower, the carrying amount is reduced to its estimated business projections amount.

Changes in estimates are reflected in the financial statements in the year in which the changes are made. Actual results could differ from those estimates.

Notes to the financial statements

For the year ended 31 March 2021

4. Analysis of turnover

Turnover comprises the total value of fees after deducting all credits and allowances and excluding value added tax. It includes expenses recharged to customers, which are accounted for as contribution to cost of sales.

Analysis of turnover by geographical market

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
United Kingdom	-	31,661
Rest of the World	-	16,708
	<u>-</u>	<u>48,369</u>

5. Operating profit

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

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Depreciation of tangible fixed assets	-	423
Depreciation of intangible fixed assets	-	1,611
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	18	20
Operating lease rentals	-	1,163
Exchange differences (other income on profit & loss account)	-	(4,105)
	<u>-</u>	<u>(4,105)</u>

Notes to the financial statements

For the year ended 31 March 2021

6. Employees

Staff costs were as follows :

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Wages and salaries	-	20,870
Social insurance costs	-	2,556
Cost of defined contribution pension scheme	-	730
	<u>-</u>	<u>24,156</u>

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

	Year ended 31 March 2021 No.	Year ended 31 March 2020 No.
Consultants	-	358
Sales and marketing	-	11
Administration	-	24
	<u>-</u>	<u>393</u>

7. Directors' remuneration

All directors are also directors/ employees in other group companies within the HCL group of companies and all of these companies together are viewed as one business unit, and their remuneration is paid by the ultimate parent undertaking/ other group company. The directors believe that remuneration applicable towards the efforts for this company is negligible.

The company has no key management personnel other than directors.

8. Interest receivable and similar income

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Interest receivable from group companies	15	133
Other interest receivable	7	121
Rental income	-	192
	<u>22</u>	<u>446</u>

Notes to the financial statements

For the year ended 31 March 2021

9. Interest payable and similar charges

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Bank interest payable	15	153
Other finance charges	-	2
	<u>15</u>	<u>155</u>

10. Taxation on profit

	Year ended 31 March 2021 £000	Year ended 31 March 2020 £000
Corporation tax		
Current tax on profits for the year	235	1,266
Adjustments in respect of previous years	39	(224)
Others	-	5
Total current tax	<u>274</u>	<u>1,047</u>
Deferred tax		
Origination and reversal of timing differences	50	-
Impact of rate change	-	-
Adjustment in respect of previous years	(39)	253
Total deferred tax	<u>11</u>	<u>253</u>
Taxation on profit	<u>285</u>	<u>1,300</u>

Factors affecting tax charge for the year

The tax assessed at the standard rate of corporation tax in the UK of 19% (2020 -19%). The differences are explained below:

Notes to the financial statements

For the year ended 31 March 2021

10. Taxation on profit (continued)

	Year ended 31 March 2021	Year ended 31 March 2020
	£000	£000
Profit before tax	<u>13,812</u>	<u>6,620</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020 -19%)	2,624	1,258
Effects of:		
Expenses not deductible for tax purposes	(2,339)	9
Impact of rate change on temporary difference	-	(1)
Others	-	6
Adjustment in respect of prior years	-	28
Total tax for the year	<u>285</u>	<u>1,300</u>

Factors that may affect future tax charges

A UK Corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax accordingly.

In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax asset would have increased by £61,254.

11. Intangible fixed assets

	Platform £000	Work order £000	Goodwill £000	Total £000
Cost :				
At 1 April 2020	1,310	3,712	11,086	16,108
Transferred as part of business sale agreement	(1,310)	(3,712)	(11,086)	(16,108)
At 31 March 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortisations :				
At 1 April 2020	1,208	3,435	10,258	14,901
Transferred as part of business sale agreement	(1,208)	(3,435)	(10,258)	(14,901)
At 31 March 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value :				
At 31 March 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2020	<u>102</u>	<u>277</u>	<u>828</u>	<u>1,208</u>

Notes to the financial statements

For the year ended 31 March 2021

12. Tangible fixed assets

	Building	Furniture, fixtures & Office equipment	Computer laptop & Networking software	Software	Capital work in progress	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 April 2020	2,508	4,131	525	2,787	17	9,968
Transferred as part of business sale agreement	(2,508)	(4,131)	(525)	(2,787)	(17)	(9,968)
At 31 March 2021	-	-	-	-	-	-
Depreciation						
At 1 April 2020	2,331	3,259	369	2,787	-	8,746
Transferred as part of business sale agreement	(2,331)	(3,259)	(369)	(2,787)	-	(8,746)
At 31 March 2021	-	-	-	-	-	-
Net book value						
At 31 March 2021	-	-	-	-	-	-
At 31 March 2020	177	872	156	0	17	1,222

13. Investments

	Investments in subsidiary companies £000
Cost or valuation	
At 1 April 2020	7,062
Disposal	-
At 31 March 2021	7,062
Net Book value	
At 31 March 2021	7,062
At 31 March 2020	7,062

Notes to the financial statemente

For the year ended 31 March 2021

13. Investments (continued)

Subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Country of Incorporation	Class of Shares	Holding	Principal activity	Registered address
HCL Investment (UK) Limited	England and Wales	Ordinary	92.49%	Holding company	Axon Centre, Church Road, Egham, Surrey TW20 9QB
HCL Technologies Chile Spa	Chile	Ordinary	100%	IT and IT Enabled services	EL Golf 40 Piso, Las Condes, Santiago, CP 755-0107, Chile

There is no change in percentage of holdings of subsidiary undertaking in comparison to previous years.

14. Debtors

	31 March 2021 £000	31 March 2020 £000
Due after more than one year		
Deferred tax	194	205
Other debtors	-	292
Payment and deposits	-	49
	<u>194</u>	<u>546</u>
	31 March 2021 £000	31 March 2020 £000
Due within one year		
Trade debtors	-	1,573
Amounts owed by group undertakings	48,008	60,032
Other debtors	-	1,164
Unbilled receivable	-	1,576
Prepayments and accrued income	-	784
Corporation tax	-	1,034
Unrealised gain on forward contracts	137	1,437
	<u>48,145</u>	<u>67,600</u>

Amounts owed by group undertakings are interest free, unsecured and have no fixed date of repayment.

Notes to the financial statements

For the year ended 31 March 2021

15. Cash and cash equivalents

	31 March 2021	31 March 2020
	£000	£000
Cash at bank	8,508	4,147
	<u>8,508</u>	<u>4,147</u>

16. Creditors : Amounts falling due within one year

	31 March 2021	31 March 2020
	£000	£000
Trade creditors	-	492
Amounts owed to group undertakings	1,061	4,194
Corporation tax	231	1,269
Taxation and social security	353	14,550
Other creditors	1,211	4,166
Bank Overdraft	-	6,102
Accruals and deferred income	33	2,928
	<u>2,889</u>	<u>33,702</u>

Amounts owed to group undertakings are interest free, unsecured and are repayable on demand.

17. Deferred tax

	Deferred tax
	£000
At 1 April 2020	205
Charged to profit and loss	(11)
At 31 March 2021	<u>194</u>

The amount charged to the profit and loss account is analysed as follows:

	£000
Adjustments in respect of previous periods	(11)
	<u>(11)</u>

Notes to the financial statements

For the year ended 31 March 2021

17. Deferred Tax (continued)

The deferred tax asset is made up as follows:

	31 March 2021	31 March 2020
	£000	£000
Depreciation in excess of capital allowance	89	106
Other short term timing difference	105	99
	<u>194</u>	<u>205</u>

18. Creditors: Amounts falling due after more than one year

	31 March 2021	31 March 2020
	£000	£000
Accruals and deferred income	-	82
	<u>-</u>	<u>82</u>

19. Provision

	Dilapidation costs £000
Provision for dilapidation costs	
At 1 April 2020	(509)
Transferred during the year	509
At 31 March 2021	<u>-</u>

With effect from 1 April 2021, the provision related to dilapidation cost have been transferred as part of business sales agreement.

Notes to the financial statements

For the year ended 31 March 2021

20. Share Capital

	31 March 2021 £000	31 March 2020 £000
Allotted, called up and fully paid		
100,150 (2020- 100,150) Ordinary shares of £.01 each	1	1
	<u>1</u>	<u>1</u>

21. Reserves

Share premium

The share premium reserve of £51k (2020: £51k) includes all proceeds from share issues where proceeds have exceeded par value.

Equity reserves

Equity reserves of £20,647k (2020: £20,647k) includes all proceeds from equity transactions, including share based payment transactions.

Other reserves

Other reserves of £416k (2020:£416k) includes proceeds from transactions under common controls.

22. Pension commitments

The Company contributes to pension scheme, for which the pension cost for the year is Nil (2020 - £730,000). The balance outstanding at 31 March 2021 is Nil (2020 - £11,500).

On 6 July 2001 the Company introduced a stakeholder pension scheme, administered by Standard Life, for its employees and with effect from April 2011 the Company has changed from Standard Life to Aviva. At 31 March 2021, NIL (2020: 163) employees have taken up membership of this scheme. With effect from 1 April 2020, all employees have been transferred to its fellow subsidiary as part of business sale agreement.

23. Commitments under operating leases

The company leases office spaces and accomodation for its employees under operating lease agreements. The lease rental expenses recognised in the statement of comprehensive income for the year is Nil (2020- £1,160,000). The rent equilization reserve is for non cancellable operating lease payable in future years and accounted for by the company is Nil.

The Company had future minimum lease payments under non cancellable operating leases as follows:

	31 March 2021 £000	31 March 2020 £000
Not later than 1 year	-	1,201
Later than 1 year and not later than 5 years	-	4,806
Later than 5 years	-	6,427
Total	<u>-</u>	<u>12,434</u>

Notes to the financial statements

For the year ended 31 March 2021

24. Fair value measurement

The Company records derivative financial instruments at fair value. The Company determines fair value based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 – Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 – Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

The fair value of derivative contracts at 31 March 2021 is an asset of £10,000 (2020-£1,310,000). All derivative financial instruments are classified as level 2 instruments.

25. Related Party transactions

The company has taken advantage of the exemption available in section 33 of FRS102 from disclosing transactions with related parties that are wholly owned by HCL Technologies Limited group, on the basis that 100% of the Company's voting rights are controlled within the group and consolidated financial statements in which the Company is included are available.

26. Controlling Party

The Company is a subsidiary undertaking of Axon Group Limited. The Company's ultimate parent undertaking and controlling party is HCL Technologies Limited, a company incorporated in India.

The largest and smallest group of undertakings for which the group financial result have been prepared that include the result of the company is that headed by HCL Technologies Limited. The consolidated financial statements are available to the public on the company's website at <https://www.hcltech.com>.

27. Profit on sale of business

On 1 April 2020, the company entered into an agreement with its fellow subsidiary, HCL Technologies UK Limited to sell its trading business and related assets and liabilities, other than cash and cash equivalent and certain intra group balances and other non- trading assets and liabilities, of the entity for the fair value consideration of GBP 49,699k having book value of GBP 37,389k. Current year's profit includes profit of £12,310 on sale of business. With effect from 1 April 2020, the company's principal activity is to act as holding company for the investment in the shares of companies providing services associated with IT and business services, engineering and R & D services and services related to products and platforms.'

28. Post balance sheet events

There is no material subsequent events.