

COMPANY REGISTRATION NUMBER: 05540630

Axis Securities Europe Limited
Financial Statements
31 March 2016

Axis Securities Europe Limited

Financial Statements

Year ended 31 March 2016

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Axis Securities Europe Limited

Strategic Report

Year ended 31 March 2016

The firm did not undertake any trade in the year and a decision was made before the year end to terminate operations in the UK. On 31 March 2016 an application was made to the FCA to cancel the firm's authorisation. Once the firm has had its FCA authorisation cancelled the intention is to close the firm. The accounts have therefore been prepared on a break-up basis.

This report was approved by the board of directors on 8 April 2016 and signed on behalf of the board by:



Natarajan Iyer
Director

Registered office:
10 Orange Street
London
WC2H 7DQ

Axis Securities Europe Limited

Directors Report

Year ended 31 March 2016

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

Directors

The directors who served the company during the year were as follows:

Natarajan Iyer
Cyril Madireddi – Resigned (28 July 2015)
Srinivasan Varadarajan
Rajendra Adsul – Appointed (28 July 2015)

Dividends

The directors do not recommend the payment of a dividend.

Axis Securities Europe Limited

Directors Report *(continued)*

Year ended 31 March 2016

Pillar 3 and Financial Instruments Disclosures

Introduction

Because of the nature of the company's business, it falls within the scope of the Basel II Accord ('Basel II'), implemented through the EU Capital Adequacy and Banking Consolidation Directives. Together these require the company to make certain disclosures under 'Pillar 3' of the capital framework implemented by Basel II. Pillar 3 complements the existing pillars: minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). Its aim is to encourage market discipline by developing a set of disclosure requirements which will allow market participants to assess key pieces of information on a company's capital, risk exposure and risk assessment processes.

The company intends to make these disclosures annually in its annual report. All the disclosures made herein are of the position at 31 March 2016, and are disclosed on an individual, stand alone basis for the company. The firm will not disclose items judged by the directors to be immaterial. Information should be considered as material if its omission or mis-statement could change or influence the assessment or decision of a user relying on it to make economic decisions.

There are no statements made under Pillar 3 that are equivalent to disclosures required to be made by accounting standards to which the company is subject. Therefore none of the statements made are subject to audit.

Financial risk management objectives and policies

The objective of financial risk management is to plan, organise and perform sufficient actions to provide reasonable assurance that the company's overall objectives and goals will be met; and to limit, to a level that is acceptable to the directors.

The company identifies and manages its key financial risks by means of a risk management policy that is appropriate to its size while preserving its effectiveness. Key parts of the policy to manage financial risk, including operational risk, are:

- regular management meetings;
- regular management information;
- regular compliance monitoring, and
- annual risk assessment as part of the company's ICAAP process.

The firm does not hedge any of its financial risks.

Exposure to price risk

The company does not take positions itself and hence does not expose itself to price risk.

Exposure to credit risk

The company does not generally extend credit to its clients or counterparties. The company maintains an exposure in connection with funds held on current and deposit accounts with its bankers.

Exposure to cash flow risk

The company seeks to maintain at all times sufficient funds in readily accessible accounts with its bankers to meet its liabilities when they fall due. Details of the balances are given in the balance sheet on page 13.

In addition, in accordance with the FCA rules the company maintains capital equivalent to one quarter of its estimated projected annual fixed overhead expenditure to ensure that the company's affairs could be wound up in an orderly manner should the need arise (there is no current intention or expectation for such an eventuality). The relevant figure to be maintained is kept under regular review.

Capital resources

The company's capital resources are comprised only of core tier one capital, specifically permanent equity share capital and audited retained earnings.

Axis Securities Europe Limited

Directors Report *(continued)*

Year ended 31 March 2016

The company's tier one capital resources and deductions made therefrom in accordance with the FCA's rules at 31 March 2016 are summarised as follows:

| | 2016 £000 |
|---------------------------|--------------|
| Permanent equity capital | 1,000 |
| Audited retained earnings | 851 |
| Tier one capital | 1,851 |
| Deductions: | |
| Capital requirements | 579 |
| Surplus of own funds | 1,272 |

Compliance with IFPRU 3,4,6, and 7

The company has decided that it is prudent to hold capital in respect of certain risks. Below is an extract of capital requirements summary from ICAAP.

Internal Capital Adequacy Assessment Process (ICAAP)

The firm's senior management keep all areas of its business under review and look to enhance existing controls and develop processes in place on a continuous basis.

Summary of capital requirements

As a IFPRU 730k firm, the firm is required to hold a minimum capital computed as the higher of its base capital requirement and the higher of:

- (1) its fixed overhead requirement; and
- (2) the sum of this business risk, credit risk, operational risk and market risk.

These may be summarised as follows:

| | €'000 | £'000 |
|--|-------|-------|
| Pillar 1 capital requirement | 730 | 579 |
| Total capital requirement for Pillar 1 | 730 | 579 |

The directors consider there to be no market risk component in the variable capital requirement as there is no exposure to counterparties. Credit risk is considered to be £nil and the operational risk is considered to be £nil.

Therefore, the total capital required will be the higher of the base capital requirement of €730,000 or £578,630 and the sum of the credit risk, market risk and operational risk components.

The credit risk requirement is computed in part by reference to 8% of the risk weighted exposure amounts for each of the standard exposure classes set out in IFPRU 4.2 of the FCA handbook. The relevant amounts as at 31 March 2016 are as follows:

| | 8% of risk weighted exposure amount £'000 £ |
|----------------------------|--|
| Total risk exposure amount | - |

The company currently has no trading book. The company, therefore, has no minimum capital requirements in respect of trading book business.

Axis Securities Europe Limited

Directors Report *(continued)*

Year ended 31 March 2016

The company currently has no foreign currency exposure and therefore the company has no foreign currency position risk requirement.

There is a requirement for the company to maintain an operational risk capital requirement which it calculates using the basic approach.

The company has neither retail nor equity exposures that require any allocation of capital.

The company does not engage in any derivative trading or otherwise take positions in derivative instruments. It therefore has no counterparty risk in relation to such transactions.

Credit risk and dilution risk

The directors consider, for accounting purposes, an exposure to be 'past due' when a counterparty has failed to make a payment when contractually due. The directors consider an exposure to be 'impaired' when it becomes likely that the exposure will realise less than its book value. The directors review all receivables for impairment on a regular basis and make provisions where they consider it appropriate.

Information concerning exposures as at 31 March 2016 and, where applicable, during the year then ended, is as follows:

| | Exposure at 31 March 2016 £'000 | Average exposure during the year £'000 |
|---------------------------------|--|---|
| Exposure to credit institutions | 1,863 | 1,874 |

Exposures at 31 March 2016 were analysed geographically as follows:

| | Exposure at 31 March 2016 £'000 |
|----|--|
| UK | 1,863 |

The residual maturity profile of all exposures at 31 March 2016 was as follows:

| | Exposure at 31 March 2016 £'000 | On demand £'000 | Due in less than 60 days £'000 | Due in more than 60 days £'000 | Items past due £'000 |
|-------------------------------------|--|-----------------------|---|---|----------------------------|
| Exposure to: Credit institutions | 1,863 | 1,863 | | | |

At 31 March 2016 there were no amounts considered by the directors to be impaired and accordingly no provision for impairment existed at the balance sheet date. There was no charge recognised in profit and loss account during the year in respect of impaired and irrecoverable assets.

Risk weighted exposure amounts in accordance with the standardised approach The company employs the simplified method of assessing risk weighted exposure amounts and does not employ ratings agencies in connection with this exercise.

Market risk

The company had a capital resource requirement in respect of foreign currency position risk requirement of £nil at 31 March 2016.

Non-trading book exposures in equities

There are no non-trading book exposures in equities.

Axis Securities Europe Limited

Directors Report *(continued)*

Year ended 31 March 2016

Exposures to interest rate risk in the non-trading book

The company is exposed to interest-rate risk in relation to monies held on interest-bearing deposit with the firm's bankers, although the risk involved is considered negligible and accordingly a detailed measurement of interest-rate risk has not been undertaken.

Securitisation

The company does not engage in securitisation.

The directors consider that a disclosure of risks attached to the financial instruments utilised by the company is not material to the assessment of assets, liabilities, financial position and profit and loss of the company.

Directors responsibilities statement

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

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

In preparing these financial statements, the directors are required to:

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

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

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Axis Securities Europe Limited

Directors Report *(continued)*

Year ended 31 March 2016

This report was approved by the board of directors on 8 April 2016 and signed on behalf of the board by:



Natarajan Iyer
Director

Registered office:
10 Orange Street
London
WC2H 7DQ

Axis Securities Europe Limited

Independent Auditor's Report to the Shareholders of Axis Securities Europe Limited

Year ended 31 March 2016

We have audited the financial statements of Axis Securities Europe Limited for the year ended 31 March 2016 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Axis Securities Europe Limited

Independent Auditor's Report to the Shareholders of Axis Securities Europe Limited *(continued)*

Year ended 31 March 2016

Matters on which we are required to report by exception

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

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



Robert Wood (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountant & statutory auditor

10 Orange Street
Haymarket
London
WC2H 7DQ

8 April 2016

Axis Securities Europe Limited
Statement of Income and Retained Earnings
Year ended 31 March 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-----------------|-----------------|
| Administrative expenses | | <u>(15,409)</u> | <u>(12,917)</u> |
| Operating loss | | <u>(15,409)</u> | <u>(12,917)</u> |
| Loss on ordinary activities before taxation | | <u>(15,409)</u> | <u>(12,917)</u> |
| Tax on loss on ordinary activities | | <u>-</u> | <u>-</u> |
| Loss for the financial year and total comprehensive income | | <u>(15,409)</u> | <u>(12,917)</u> |
| Retained earnings at the start of the year | | <u>866,156</u> | <u>879,073</u> |
| Retained earnings at the end of the year | | <u>850,747</u> | <u>866,156</u> |

The notes on pages 13 to 14 form part of these financial statements.

Axis Securities Europe Limited

Statement of Financial Position

31 March 2016

| | Note | 2016 £ | 2015 £ |
|---|------|------------------|------------------|
| Current assets | | | |
| Cash at bank and in hand | | 1,863,199 | 1,877,758 |
| Creditors: amounts falling due within one year | 4 | <u>(12,450)</u> | <u>(11,600)</u> |
| Net current assets | | <u>1,850,749</u> | <u>1,866,158</u> |
| Total assets less current liabilities | | <u>1,850,749</u> | <u>1,866,158</u> |
| Net assets | | <u>1,850,749</u> | <u>1,866,158</u> |
| Capital and reserves | | | |
| Called up share capital | 5 | 1,000,002 | 1,000,002 |
| Profit and loss account | 6 | <u>850,747</u> | <u>866,156</u> |
| Shareholders funds | | <u>1,850,749</u> | <u>1,866,158</u> |

These financial statements were approved by the board of directors and authorised for issue on 8 April 2016, and are signed on behalf of the board by:



Natarajan Iyer
Director

Company registration number: 05540630

The notes on pages 13 to 14 form part of these financial statements.

Axis Securities Europe Limited

Statement of Cash Flows

Year ended 31 March 2016

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Cash flows from operating activities | | |
| Loss for the financial year | (15,409) | (12,917) |
| <i>Adjustments for:</i> | | |
| Accrued expenses | 850 | 3,900 |
| Cash generated from operations | (14,559) | (9,017) |
| Net cash used in operating activities | (14,559) | (9,017) |
| Net decrease in cash and cash equivalents | (14,559) | (9,017) |
| Cash and cash equivalents at beginning of year | 1,877,758 | 1,886,775 |
| Cash and cash equivalents at end of year | 1,863,199 | 1,877,758 |

The notes on pages 13 to 14 form part of these financial statements.

Axis Securities Europe Limited

Notes to the Financial Statements

Year ended 31 March 2016

1. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The intention is to wind up the firm during 2016, therefore the directors do not consider the company to be a going concern and the accounts have not been prepared on this basis. No adjustment to the fair values of assets or additional provisions are required for the purposes of showing the accounts on a break-up basis.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 9.

Income tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

3. Auditor's remuneration

| | 2016 | 2015 |
|--|--------------|--------------|
| | £ | £ |
| Fees payable for the audit of the financial statements | <u>7,200</u> | <u>6,500</u> |
| Fees payable to the company's auditor and its associates for other services. Other non-audit services | <u>5,250</u> | <u>5,100</u> |

4. Creditors: amounts falling due within one year

| | 2016 | 2015 |
|------------------------------|---------------|---------------|
| | £ | £ |
| Accruals and deferred income | <u>12,450</u> | <u>11,600</u> |

Axis Securities Europe Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2016

5. Called up share capital

Issued, called up and fully paid

| | 2016 | | 2015 | |
|----------------------------|------------------|------------------|------------------|------------------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | <u>1,000,002</u> | <u>1,000,002</u> | <u>1,000,002</u> | <u>1,000,002</u> |

6. Reserves

Profit and loss reserves relate to accumulated profits for the company less dividends.

7. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 102.

8. Controlling party

During the year, Axis Capital Limited sold its 100% holding in Axis Securities Europe Limited to Axis Bank Limited (a company incorporated in India). The company's year end results have been included in the consolidated financial statements of Axis Bank Limited. A copy of the group financial statements can be obtained from "TRISHUL", Third Floor, Opp. Samartheshwar Temple, Nr. Law Garden, Ellisbridge, Ahmedabad, 380-006, India.

9. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 April 2014.

No transitional adjustments were required in equity or profit or loss for the year.