Report and Financial Statements

HCL Investments (UK) Limited

For the year ended 31 March 2019

Registered number: 07840988

Company Information

Directors	Shiv Kumar Walia Subramanian Gopalakrishnan Rahul Singh Ajit Kumar
Registered number	07840988
Registered office	Axon Centre Church Road Egham Surrey TW20 9QB United Kingdom
Independent auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
Banker	Deutsche Bank London Branch 6 Bishopsgate London EC2N 4DA

Contents

Strategic report

For the year ended 31 March 2019

Introduction

The directors present their strategic report for the year ended 31 March 2019.

Principal activities

The Company's principal activities are:

1. To provide services associated with software consultancy, business process outsourcing and infrastructure management services; and
2. To act as holding company for the investment in the shares of companies providing services associated with software consultancy services, business process outsourcing and infrastructure management services.

Review of Business

In previous years, the company was solely an investment company. During the current year, the company has started providing services associated with software consultancy, business process outsourcing and infrastructure management. Due to a change in economic activity, the company has re-assessed its functional currency and changed to USD. The reporting currency remains unchanged as GBP.

Key Performance Indicators

	31 March 2019	31 March 2018
	£	£
Turnover	**11,844,847**	-
Operating profit/(loss)	**814,647**	(4,432)
Profit/(loss) for the year	**657,976**	(3,621)
Carrying value of investments	**6,382,609**	6,382,609

The company has recorded revenue of £11,845k and an operating profit of £814k, which are considered satisfactory. The directors have evaluated the performance of the investments and consider performance to be satisfactory.

Principal risks and uncertainties

The IT and IT enabled industry thrives on a dynamic and highly competitive business environment, characterised by rapid technological changes and innovations that constantly challenge conventional business models. The Company faces several risks of which prominent ones are discussed below along with the Company's strategy to mitigate these risks.

Additional economic uncertainty has arisen as a result of the June 2016 referendum and subsequent triggering of Article 50 of the Lisbon treaty, which planned for the UK to exit the EU by March 2019. The implications continue to remain uncertain as the United Kingdom negotiates its position. Aside from resultant foreign exchange movements, this did not have adverse impact on the company's business so far and management will further follow up if any measures are necessary to reduce the business risk.

Aside from investments, the Company principally engages in long term and short term financial instruments and mitigates exposure to the associated risks of these instruments in connection with support from the enlarged group that it is a member of. The Company also closely monitors the results of its investments to determine whether the carrying values are appropriate.

Strategic report (continued)

For the year ended 31 March 2019

1. Technology related risks

Risk

The Company operates in an ever evolving and dynamic technology environment and it is of utmost importance that the Company continuously reviews and upgrades its technology, resources and processes to avoid obsolescence.

HCL's Strategy

The Company is not dependant on any single technology or platform. It has developed competencies in various technologies, platforms and operating environments and offers a wide range of technology options to clients to choose from for their needs.

2. Competition related risks

Risk

The overall market growth is slowing and more and more competitors are vying with each other for market share. The line is diminishing between the traditional IT services players and non-traditional players. Now customers have more choice of technology, vendors and service models which force every entity to perform to their best capabilities and to enhance them.

HCL's strategy

The Company has been quick to respond to the changing competitive dynamics. Our business model is increasingly shifting from the traditional outsourcing to a non-linear model and growth has been triggered by the alternative outsourcing approach.

3. Business continuity and information security

Risk

The Company is dealing in maintaining, developing and operating time critical Business and IT applications for various customers and any catastrophe may halt business activities and cause irreparable damage to the brand reputation of the Company. Similarly, the vital need for confidentiality and security of confidential data both belonging to clients as well as the Company itself also poses risks of leaks, loss or compromise of information.

HCL's strategy

The Company has put in place a comprehensive business continuity program to ensure that it meets its business continuity and disaster recovery related requirements. There is also an Information Security team to assess and manage the information security and data privacy and related risks by leveraging on People, Processes and Technology.

Financial risk management

The Company's operations also expose it to a variety of financial risks such as foreign exchange risk, credit, liquidity risk and investment impairment 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:

Strategic report (continued)

For the year ended 31 March 2019

Foreign exchange rate risk

Foreign exchange rate risk arises from future commercial transactions and recognised assets, investments and liabilities that are denominated in a currency that is not the Company' functional currency. Most of the transactions of the Company are carried out in its functional currency.

As per HCL Technologies Limited risk management policy hedges are predominately taken by ultimate parent company to hedge foreign currency risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and short term bank deposits. The Directors do not see any significant liquidity risk involved. The Company's liquidity risk is further mitigated through the availability of financing from its ultimate parent undertaking and a fellow subsidiary Company namely, Axon Solutions Limited, which is provided on an on-going basis, if required. The Company also has an overdraft facility from its banker which can be used as and when required. Cash flow performance is monitored on an ongoing basis by the Board. Debt facilities have been established at a Group level to fund future cash flow requirements

Credit risk

The Company has no significant concentrations of credit risk and the Company has a large number of customers that are based in the UK. It has policies in place to ensure that the provisions of consulting services are made to renowned customers or those with an appropriate credit history. The Company also has policies and procedures in place for the control and monitoring of its exposure to credit risk. The Company has a dedicated team for the close follow up for realisation from the customers and adequate provision for doubtful debts is created wherever required as per group policy. During the year there was no significant doubtful amount identified for which the Company was required to create a provision.

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. To date, all investments have had a strong year and are not exhibiting indicators of impairment. This is expected to continue for the foreseeable future

Strategic report (continued)

For the year ended 31 March 2019

This report was approved by the board of directors on 13 June 19 and signed on its behalf.

Mr. Shiv Kumar Walia
Director

Directors' report

For the year ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Results and dividends

The profit for the year, after taxation, amounted to **£ 657,976** (2018- loss of £ 3,621)
During the year, the directors did not recommend the payment of dividend (2018- Nil)

Directors

The directors who served during the year and to the date of approving the financial statements were:
Shiv Kumar Walia
Subramanian Gopalakrishnan
Rahul Singh
Ajit Kumar

Future Developments

The Company in its initial year has generated good business, and the future growth opportunities in the Company are expected from existing as well as new customers. The Company's ability to grow customer relationships, particularly into large accounts, will be critical for its growth in coming years.

Going concern

The Company has net assets and has considerable financial resources in the form of investment in shares of various group companies providing services associated with software consultancy services, business process outsourcing and infrastructure management services. As a consequence, the Directors believe that the Company is well placed to manage its financial risk successfully.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the reports and financial statements.

Financial Risk Management

Details of financial instruments are provided in the Strategic Report.

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.

Appointment of auditor

"KPMG LLP" is proposed to be appointed as auditors in accordance with section 485 of the Companies Act 2006 for the next financial year.

Directors' report (continued)

For the year ended 31 March 2019

This report was approved by the board of directors on 13 June 19 and signed on its behalf.

Mr. Shiv Kumar Walia
Director

Directors' responsibilities statement

For the year ended 31 March 2019

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 year. 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Independent Auditor's Report to the Members of HCL Investments (UK) Limited

Opinion

We have audited the financial statements of HCL Investments (UK) Limited for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 16, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2019 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 below. 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.
Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Members of HCL Investments (UK) 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 the 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 the 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 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 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 or directors' report.

We have nothing to report in respect of the following matters in relation to which 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 on page 7, 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 HCL Investments (UK) 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.

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

Use of our report

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

Ernst & Young LLP

Zishan Nurmohamed (Senior statutory auditor)
for and on behalf of
Ernst & Young LLP, Statutory Auditor
London
14/06/2019

Statement of comprehensive income

For the year ended 31 March 2019
(Refer Note no. 2.1)

	Note	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Turnover	4	11,844,847	-
Cost of Sales		(11,016,372)	-
Gross Profit		828,475	-
Administrative expenses		(12,894)	(4,693)
Other operating income		(934)	261
Operating profit/(loss)	5	814,647	(4,432)
Interest receivable and similar income	7	573	549
Interest payable and similar charges	8	(1,033)	(588)
Profit/(loss) on ordinary activities before taxes		814,187	(4,471)
Tax on profits/(losses) on ordinary activities	9	(156,211)	850
Profit/(loss) for the year		657,976	(3,621)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		657,976	(3,621)

The notes on pages 14 to 22 form part of these financial statements.

All amounts relate to continuing operations.

Statement of financial position

As at 31 March 2019
(Refer Note no. 2.1)

	Note		31 March 2019 £		31 March 2018 £
Fixed assets					
Investments	10		6,382,609		6,382,609
Current assets					
Debtors: amounts falling due after one year	11	11,844,845		-	
Debtors: amounts falling due within one year	11	880,454		16,754	
Cash at bank	12	7,550		1,235	
		12,732,849		17,989	
Creditors: amounts falling due within one year	13	(12,084,060)		(27,176)	
Net current assets/(liabilities)			648,789		(9,187)
Net assets			7,031,398		6,373,422
Capital and reserves					
Called up share capital	14		6,405,100		6,405,100
Retained earnings			626,298		(31,678)
Shareholder's funds			7,031,398		6,373,422

The financial statements were approved and authorised for issue by the board of directors and were signed on its behalf on 13 June 19

Mr. Shiv Kumar Walia
Director

The notes on pages 14 to 22 form part of these financial statements

Statement of changes in equity

For the year ended 31 March 2019

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2017	6,405,100	(28,057)	6,377,043
Loss for the year	-	(3,621)	(3,621)
Total comprehensive (loss) for the year	-	(3,621)	(3,621)
At 31 March 2018	6,405,100	(31,678)	6,373,422

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 April 2018	**6,405,100**	**(31,678)**	**6,373,422**
Profit for the year	-	657,976	657,976
Total comprehensive profit for the year	**-**	**657,976**	**657,976**
At 31 March 2019	**6,405,100**	**626,298**	**7,031,398**

The notes on pages 14 to 22 form part of these financial statements

Notes to the financial statements

For the year ended 31 March 2019

1. Company information

HCL Investments (UK) Limited is a company incorporated in England. The registered office is Axon Centre, Church Road, Egham, Surrey, TW20 9QB, United Kingdom.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102 and in accordance with applicable accounting standards under the historical cost convention. 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).

In previous years, the company was solely an investment company. During the current year, the company has commenced providing services associated with software consultancy, business process outsourcing and infrastructure management. Due to change in economic activity, the company has re-assessed its functional currency and the same has been identified as USD. The figures for FY 2018-19 and FY 2017-18 are continued to be presented in GBP as the reporting currency.

The financial statements contain information about HCL Investments (UK) 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 parent, HCL Technologies Limited, a Company incorporated in India, which are publicly available.

2.2 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 Instrument.

This information is included in the consolidated financial statements of HCL Technologies Limited as 31 March 2019 and these financial statements may be obtained from the Companies Registry in India.

2.3 Going concern

The Company has net assets and has considerable financial resources in the form of investment in shares of various group companies providing services associated with software consultancy services, business process outsourcing and infrastructure management services. As a consequence, the Directors believe that the Company is well placed to manage its financial risk successfully.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the reports and financial statement.

Notes to the financial statements

For the year ended 31 March 2019

2. Accounting policies(continued)

2.4 Revenue

Revenue is recognized when, or as, control of a promised service or good transfers to a customer, in an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring those products or services.

Revenue from services is derived from both time based and unit-price contracts. Revenue with respect to time-and-material, volume based and transaction based contracts is recognized as the related services are performed through efforts expended, volume serviced transactions are processed etc. that correspond with value transferred to customer till date which is related to our right to invoice for services performed.

Revenue from certain activities in transition services in outsourcing arrangements are not capable of being distinct or represent separate performance obligation. Revenues relating to such transition activities are classified as deferred revenue and subsequently recognized over the period of the arrangement. Direct and incremental costs in relation to such transition activities which are expected to be recoverable under the contract are considered as Deferred cost and recognized over the period of arrangement. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and recorded as Deferred cost and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern.

Revenue recognized but not billed to customers is classified either as unbilled receivable in our statements of financial position

Revenues are shown net of taxes and applicable discounts and allowances, if any.

2.5 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 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 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 comprehensive income.

Notes to the financial statements

For the year ended 31 March 2019

2. Accounting policies(continued)

2.7 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, loans to and from related parties and investments.

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 outright 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 Income statement.

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.

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.

2.8 Deferred costs

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

Notes to the financial statements

For the year ended 31 March 2019

2. Accounting policies(continued)

2.8 Deferred costs (continued)

Deferred costs are included within debtors and are amortised on a straight line basis over the life of the contract, starting from the date when the contract commences.

2.9 Foreign currency translation

The financial statements of the company are presented in GBP.

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. Revenue, 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.

2.10 Finance costs

Finance costs are charged to the Income statement 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.

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, revenue, 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 31st March 2019 was **£18,242** (2018- Nil).

Notes to the financial statements

For the year ended 31 March 2019

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

Provisions against impairment of investments

Using information available at the balance sheet date, the Directors make assumptions on any indication that those investments have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected investment is estimated and compared with its carrying amount. If the estimated net worth amount is lower, the carrying amount is reduced to its estimated net worth amount. No provision is recorded against investments.

4. Analysis of turnover

Turnover represents amounts (excluding value added tax) derived from the provision of goods and services to customers and includes software led IT solutions, remote infrastructure management and business process outsourcing.

Analysis of turnover by country of destination:

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
America	**11,095,393**	-
Rest of the world	**749,454**	-
	11,844,847	-

5. Operating profit/(loss)

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

	Year ended 31 March 2019	Year ended 31 March 2018
	£	£
Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts	**8,700**	2,700
Exchange differences (loss)/gain	**(934)**	261

6. Directors' remuneration

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

The company had no employees other than the directors in the current or prior periods.

Notes to the financial statements
For the year ended 31 March 2019

7. Interest receivable and similar income

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Interest receivable from group companies	**573**	549
	573	549

8. Interest payable and similar charges

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Interest payable to group undertakings	**1,033**	588
	1,033	588

9. Tax on profit/(loss) on ordinary activities

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Corporation Tax		
Current tax charge/(credit) for the year	**156,211**	(850)
Total tax	**156,211**	(850)

Factors affecting tax charge for the year

The tax charge/(credit) is equal to profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2018- 19%)

	Year ended 31 March 2019 £	Year ended 31 March 2018 £
Profit/(loss) on ordinary activities before tax	**814,187**	(4,471)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 -19%)	**156,211**	(850)

Notes to the financial statements

For the year ended 31 March 2019

9. Tax on loss on ordinary activities (continued)

Deferred tax

The unrecognised deferred tax asset comprises:

	31 March 2019	31 March 2018
	£	£
Tax losses	**163**	163
	163	163

Tax losses are non -operational in nature and remains unrecognised on grounds of uncertainty over expected non-operational profits to offset tax losses.

Announcements have been made by the Chancellor of the Exchequer of proposed changes to corporation tax rates that will have an effect on the future tax charge of the company. Reductions in the corporation tax rate to 19% from 1 April 2017 and 17% from 1 April 2020 have been announced and substantively enacted at the balance sheet date.

10. Investments

	Investments in subsidiary
	£
Cost or Net book value	
At 1 April 2018	6,382,609
At 31 March 2019	**6,382,609**
At 31 March 2019	**6,382,609**
At 31 March 2018	6,382,609

Subsidiary undertaking

The following was a subsidiary undertaking of the Company

Name	**Country of incorporation**	**Class of shares**	**Holding**	**Principal activity**
State Street HCL Holdings (UK) Limited	England and Wales	Ordinary	49%	Holding company

The company owns 49% of the voting rights and 100% of the dividend rights of State Street HCL Holdings (UK) Limited.

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

Notes to the financial statements
For the year ended 31 March 2019

11. Debtors:

	31 March 2019	31 March 2018
	£	£
Amounts falling due within one year:		
Amounts owed by group undertakings	880,453	16,754
Deferred cost	1	-
	880,454	16,754
Amounts falling due after one year:		
Deferred cost	11,844,845	-
	11,844,845	-

12. Cash and cash equivalents

	31 March 2019	31 March 2018
	£	£
Cash at bank	7,550	1,235
	7,550	1,235

13. Creditors: amounts falling due within one year

	31 March 2019	31 March 2018
	£	£
Amounts owed to group undertakings	11,917,511	24,203
Corporation tax	156,210	-
Accruals and deferred income	10,339	2,973
	12,084,060	27,176

14. Share capital

	31 March 2019	31 March 2018
	£	£
Allotted, called up and fully paid up		
6,405,100- Ordinary Share Capital shares of £1 each	6,405,100	6,405,100
	6,405,100	6,405,100

Notes to the financial statements
For the year ended 31 March 2019

15. Related party transactions

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

16. Controlling party

The immediate parent undertaking of the Company is Axon Solutions Limited, a company incorporated in England. The ultimate parent undertaking and controlling party is HCL Technologies Limited, a company incorporated in India.

The smallest and largest group of undertakings that include the results of the company is headed by HCL Technologies Limited. The group financial statements are available to the public and may be obtained from HCL Technologies, Noida, Uttar Pradesh, India.