

**AxiCorp Limited**

Annual Report and Financial Statements

Year Ended

30 June 2020

Company Number 06378544

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**AxiCorp Limited**

**Company Information**

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<b>Directors</b>	P D W Hare S Joshi
<b>Company secretary</b>	P D W Hare
<b>Registered number</b>	06378544
<b>Registered office</b>	55 Baker Street London W1U 7EU
<b>Independent auditor</b>	BDO LLP 55 Baker Street London EC1A 4AB

# AxiCorp Limited

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## AxiCorp Limited

### Strategic Report for the Year Ended 30 June 2020

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The directors of AxiCorp Limited submit the strategic report for the year ended 30 June 2020.

#### **Review of Business and Principal Activity**

The company's retail business commenced trading in September 2014 and during the year progress was satisfactory. The purpose of the company is to provide support services to the ultimate parent company AxiCorp Financial Services Pty Ltd (AFSPL).

The principal activity of the company during the financial year was the provision of services for direct market access trading of contracts for difference and other financial instruments. There were no significant changes in principal activities during the year.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the company are as follows:

*Risk from the departure of the United Kingdom from the European Union ("Brexit").*

As a significant number of the firm's clients are based outside of the European Union the firm does not expect any material impact on the business from Brexit. In addition, the ultimate parent company has subsidiaries in other European Union countries that could facilitate business if required.

#### *Financial risk*

Financial Risk is rated low as trading of all underlying client exposures are hedged with the parent entity.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will be unable to meet its payment commitments when they fall due. The Company's operating model means it is remunerated by its ultimate parent company on a cost-plus basis and has the continued support of its parent to mitigate this risk.

#### *Systems development risk*

The company is dependent upon technology provided by its ultimate parent company which manages these risks for the company. Risks arise where trading and back office systems are integrated with real time data feeds from trading exchanges. Any disruption to systems may impact client trade execution. The company monitors this risk closely and has in place a number of mitigating processes to ensure as far as possible consistent order flow and minimal disruption to clients in the event of a third party break in service.

#### *Credit risk*

Credit risk is broadly defined as the possible loss due to debtors' non-payment of loans, services provided or goods supplied. There were no material debtors overdue at the reporting date.

#### *Regulatory risk*

The financial services sector is heavily regulated, and breaches lead to fines or disciplinary action both for the company and for individual staff. Management monitors closely actual and planned changes in regulation.

## **AxiCorp Limited**

### **Strategic Report (continued)**

#### **Future Developments**

The nature of the company's business offering is not expected to materially change for the foreseeable future.

COVID 19 has seen a change in the working patterns of the Company, with most employees predominantly working from home. This has caused minimal disruption to business operations, and the increased market volatility has been positive for the Company's business.

The Company will continue to focus on its core markets, and expand its product offering where opportunities are identified.

#### Section 172 (1) Statement.

The directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its sole member, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term.
  - long term decisions are agreed at Board level and with the support of the AF SPL executive team. A Company director is a member of AF SPL's Risk and Audit Committee giving a clear channel to raise such matters.
- the interests of the Company's employees.
  - the Company's employees are part of the wider AF SPL employee programme, which encompasses employee interests e.g. there are regular "townhall" meetings with the Chief Executive Officer (CEO).
- the need to foster the Company's business relationships with suppliers, customers and others;
  - as a regulated entity the Company carries out training to ensure employees treat customers fairly. Suppliers' are paid promptly in line with invoice terms.
- the impact of the Company's operations on the community and the environment;
  - the Board addresses this through encouraging various behaviours e.g. using electronic methods for communication to minimise travel.
- the desirability of the Company maintaining a reputation for high standards of business conduct;
  - as a regulated entity the Company has monitoring programmes to ensure business is conducted to the highest standards.
- and to act fairly between members of the Company
  - the directors and senior managers have direct reports to an Executive member of the AF SPL team to ensure that actions consider the interests of the sole member.

**AxiCorp Limited**  
**Strategic Report (continued)**

**Key Performance Indicators (KPIs)**

The KPIs of AxiCorp Limited are:

- Client money balances: this is a general measure of client demand

	Year ended 30 June 2020 £ m	Year ended 30 June 2019 £ m
Average month end client money balances	13.7	15.7
Highest month end balance during the period	21.7	18.8
Lowest month end balance during the period	11.3	13.7

- Revenues generated by clients of AFSPSPL serviced by the Company, a measure of the value of the services provided:

	Year ended 30 June 2020 GBP £ m	Year ended 30 June 2019 GBP £ m
Client revenues	11.8	12.3

The key risks of the business are considered in Note 17 of the financial statements.

This report was approved by the board and signed on its behalf by.



.....  
**P D W Hare**  
 Director

Date: 9 December 2020

## **AxiCorp Limited**

### **Directors Report**

The directors present their report and the financial statements for the year ended 30 June 2020.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £259,174 (2019 - £429,685).

The directors do not recommend that any dividend be declared in respect of the year (2019 - nil).

#### **Directors**

The directors who served during the year were:

P D W Hare  
S Joshi

#### **Directors' responsibilities**

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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 to 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.

#### **Pillar 3 disclosures**

Details of the company's Pillar 3 disclosures, required under the Financial Conduct Authority's Prudential Sourcebook of Banks, Building Societies and Investment Firms ("BIPRU"), may be obtained from the company's website at [www.axi.com](http://www.axi.com).

**AxiCorp Limited**

**Directors Report**

(continued)

**Streamlined Energy and Carbon Report**

Energy and carbon information is not disclosed because the Company is a low energy user as defined in the Environment Reporting Guidelines.

**Matters covered in the strategic report**

As permitted by paragraph 1A of schedule 7 to the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report on page 1-2. These matters relate to future developments and principal risks and uncertainties.

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

**Auditor**

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by.



.....  
**P D W Hare**  
Director

Date: 9 December 2020



## **AxiCorp Limited**

### **Independent Auditor's Report to the Members of AxiCorp Limited**

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#### **Opinion**

We have audited the financial statements of AxiCorp Limited ("the company") for the year ended 30 June 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

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

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

#### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **AxiCorp Limited**

### **Independent Auditor's Report to the Members of AxiCorp Limited (continued)**

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#### **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 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 and director's 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, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**AxiCorp Limited**

**Independent Auditor's Report to the Members of AxiCorp Limited (continued)**

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**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.



Lorraine Bay (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London  
United Kingdom

Date: 9 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**AxiCorp Limited**

**Statement of Comprehensive Income  
for the Year Ended 30 June 2020**

	Note	2020 £	2019 £
Turnover	4	4,780,455	4,656,825
Cost of sales		(21,291)	283
<b>Gross profit</b>		<b>4,759,164</b>	<b>4,657,108</b>
Administrative expenses		(4,426,060)	(4,313,506)
<b>Operating profit</b>	5	<b>333,104</b>	<b>343,602</b>
Interest receivable		-	170,704
<b>Profit on ordinary activities before taxation</b>		<b>333,104</b>	<b>514,306</b>
Tax on profit	8	(73,930)	(84,621)
<b>Profit for the Year</b>		<b>259,174</b>	<b>429,685</b>
<b>Total Comprehensive Income for the Year</b>		<b>259,174</b>	<b>429,685</b>

The notes on pages 12 to 24 form part of these financial statements.

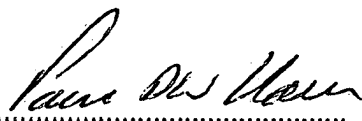
**AxiCorp Limited**  
Registered number: 06378544

**Statement of Financial Position**  
as at 30 June 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	9	54,022	53,461
<b>Current assets</b>			
Trade and other debtors	10	11,594,024	2,589,471
Cash at bank and in hand	11	20,309,172	766,866
		<u>31,903,196</u>	<u>3,356,337</u>
Trade and other creditors: amounts falling due within one year	12	(29,594,970)	(1,306,724)
<b>Net current assets</b>		<b>2,308,226</b>	2,049,613
<b>Total Assets less Current Liabilities</b>		<u><b>2,362,248</b></u>	<u><b>2,103,074</b></u>
<b>Capital and reserves</b>			
Share capital	15	1,610,850	1,610,850
Retained earnings		751,398	492,224
<b>Total Capital and Reserves</b>		<u><b>2,362,248</b></u>	<u><b>2,103,074</b></u>

The notes on pages 12 to 24 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
.....  
**P D W Hare**  
Director

Date: 9 December 2020

**AxiCorp Limited**

**Statement of Changes in Equity  
for the Year Ended 30 June 2020**

	<b>Share capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
	£	£	£
At 1 July 2018	1,110,850	62,539	1,173,389
<b>Comprehensive income for the year</b>			
Profit for the year	-	429,685	429,685
Shares issued during the year	500,000	-	500,000
At 1 July 2019	<b>1,610,850</b>	<b>492,224</b>	<b>2,103,074</b>
<b>Comprehensive income for the year</b>			
Profit for the year	-	259,174	259,174
<b>At 30 June 2020</b>	<b><u>1,610,850</u></b>	<b><u>751,398</u></b>	<b><u>2,362,248</u></b>

The notes on pages 12 to 24 form part of these financial statements.

**AxiCorp Limited**

**Statement of Cash Flows  
for the Year Ended 30 June 2020**

	2020 £	2019 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	259,174	429,685
<b>Adjustments for:</b>		
Depreciation of tangible assets	32,814	43,262
Interest received	-	(170,704)
Taxation charge	73,930	84,621
Increase in debtors	(585,286)	(491,256)
Increase in amounts owed by group undertakings	(8,419,267)	(1,069,707)
Increase/(decrease) in creditors	(307,119)	(712,044)
Increase/(decrease) in amounts owed to group undertakings	28,708,685	(2,743,727)
Exchange gain/(loss) on cash and cash equivalents	(13,754)	-
Tax paid	(187,250)	-
<b>Net cash generated/(outflow) from operating activities</b>	<b>19,561,927</b>	<b>(4,629,870)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(33,375)	(20,233)
Interest received	-	170,704
<b>Net cash (used in)/from investing activities</b>	<b>(33,375)</b>	<b>150,471</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	500,000
<b>Net cash used in financing activities</b>	<b>-</b>	<b>500,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>19,528,552</b>	<b>(3,979,399)</b>
Cash and cash equivalents as at 1 July 2019	766,866	4,746,265
Exchange gain/(loss) on cash and cash equivalents	13,754	-
<b>Cash and cash equivalents as at 30 June 2020</b>	<b>20,309,172</b>	<b>766,866</b>

## AxiCorp Limited

### Notes to the Financial Statements for the Year Ended 30 June 2020

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#### 1. General information

AxiCorp Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the strategic report.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

##### 2.2 Contingent liability

In November 2018, a client made a claim against the Company for damages amounting to €364,997 plus interest at 5% and costs of €7,173. The claim has not yet had an oral hearing. The claimant died in April 2020, and proceedings were suspended by the court.

The claim has passed to the client's estate, who can recommence the legal proceedings, but have not done so.

The Company, taking account of legal advice, believes there is no basis for the claim, and accordingly has recognised this as a contingent liability.

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

The following principal accounting policies have been applied:

##### 2.2 Going concern

The company had net current assets of £2,308,226 (2019 - £2,049,613) at the reporting date and generated a profit of £259,174 (2019 - £429,685) in the year. The parent company has confirmed its intention to continue to provide financial support to the company for the foreseeable future to enable it to continue to settle its external liabilities as they fall due and to enable it to meet its regulatory capital requirements.

As noted in the Strategic Report the Directors have concluded that neither Brexit nor COVID 19 will have any substantial negative impact on the Company's business.

Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

##### 2.3 Turnover

Turnover includes fees for services provided to the parent company.



## AxiCorp Limited

### Notes to the Financial Statements for the Year Ended 30 June 2020

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#### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model 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.

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

Depreciation is provided on the following basis:

Fixtures and fittings	- 33%	straight line
Equipment, computers and software	- 20%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### 2.5 Debtors

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.

#### 2.6 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 2.7 Creditors

Liabilities are recognised as trade creditors when an invoice is received. Expenses incurred for which an invoice has not yet been received are included in accruals. Trade creditors are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Other creditors are not interest-bearing and are stated at their nominal value as any discounting of expected cash flows is considered to be immaterial.

**Notes to the Financial Statements  
for the Year Ended 30 June 2020**

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**2.8 Financial instruments**

The company only enters basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, 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 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.

Financial assets and liabilities are off set 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.

**2.9 Foreign currency translation**

**Functional and presentation currency**

The company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

## AxiCorp Limited

### Notes to the Financial Statements for the Year Ended 30 June 2020

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#### 2.10 Expenses

All expenses and interest payable are accounted for on an accrual basis.

#### 2.11 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

#### 2.12 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

#### 2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge 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 using 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 tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting 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 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

In preparing the financial statements, management were not required to make any estimates or judgements which materially affect reported income, expenses, assets, liabilities or disclosure of contingent assets and liabilities, aside from assessment of completeness of liabilities and the recoverability of debtors and those estimates and adjustments otherwise disclosed. Both are assessed by the Board on available evidence.

**AxiCorp Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2020**

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**4. Turnover**

An analysis of turnover by class of business is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Service fees	4,780,455	4,656,825
<b>Total service fees</b>	<b><u>4,780,455</u></b>	<b><u>4,656,825</u></b>

**5. Operating profit**

The operating profit is stated after charging:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Depreciation of tangible fixed assets	<b>32,814</b>	43,262
Auditor remuneration - audit fee	<b>39,000</b>	37,175
- non audit fees	<b>27,400</b>	47,000
Occupancy cost	<b>281,906</b>	277,640
Technology cost	<b>185,523</b>	107,527
Travel and accommodation cost	<b>60,954</b>	124,247
Advertising and marketing cost	<b><u>487,067</u></b>	<b><u>776,150</u></b>

**AxiCorp Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2020**

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**6. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	<b>1,747,752</b>	1,913,971
Social security costs	<b>217,291</b>	246,670
Other costs	<b>99,301</b>	74,990
	<u><b>2,064,344</b></u>	<u>2,235,631</u>

Other costs include £50,480 (2019 - £29,397) of pension costs.

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Sales and administration	<u><b>23</b></u>	<u>21</u>

**7. Directors' remuneration**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Directors' emoluments	<u><b>385,183</b></u>	<u>361,226</u>

The highest paid director received remuneration of £193,868 (2019 - £183,338).

£11,006 (2019 - £6,095) was paid by the Company as pension contributions for directors during the year.

**AxiCorp Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2020**

**8. Taxation**

	2020 £	2019 £
<b>Corporation tax</b>		
Current tax on profit for the year	68,751	110,880
Under/(Over) accrual prior year	5,179	(48,594)
<b>Total current tax</b>	<u>73,930</u>	<u>62,286</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	22,335
<b>Total deferred tax</b>	<u>-</u>	<u>22,335</u>
<b>Taxation on profit on ordinary activities</b>	<u>73,930</u>	<u>84,621</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>329,035</u>	<u>514,306</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	62,517	97,718
<b>Effects of:</b>		
Other adjustments	6,234	13,162
<b>Total tax charge for the year</b>	<u>68,751</u>	<u>110,880</u>

**AxiCorp Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2020**

**9. Tangible fixed assets**

	Fixtures and fittings £	Equipment, computers and software £	Total £
<b>Cost</b>			
At 1 July 2019	23,795	194,971	218,766
Additions	17,356	16,019	33,375
Disposals	-	(166,949)	(166,949)
At 30 June 2020	<b>41,151</b>	<b>44,041</b>	<b>85,192</b>
<b>Depreciation</b>			
At 1 July 2019	<b>3,534</b>	<b>161,771</b>	<b>165,305</b>
Charge for the year on owned assets	9,081	23,733	32,814
Disposals	-	(166,949)	(166,949)
At 30 June 2020	<b>12,615</b>	<b>18,555</b>	<b>31,170</b>
<b>Net book value</b>			
At 30 June 2020	<b><u>28,536</u></b>	<b><u>25,486</u></b>	<b><u>54,022</u></b>
At 30 June 2019	<b><u>20,261</u></b>	<b><u>33,200</u></b>	<b><u>53,461</u></b>

**10. Debtors**

	2020 £	2019 £
Client funds due	<b>744,065</b>	871,017
Amounts owed by group undertakings	<b>9,488,974</b>	1,069,707
Other debtors	<b>1,256,891</b>	452,305
Prepayments	<b>104,094</b>	196,442
<b>Total</b>	<b><u>11,594,024</u></b>	<b><u>10,428,625</u></b>

## AxiCorp Limited

### Notes to the Financial Statements for the Year Ended 30 June 2020

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#### 11. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>20,309,172</u>	<u>766,866</u>

At 30 June 2020, cash balances with banks included £80,502 (2019 - £80,502) of cash deposits which are subject to a legal charge in favour of a third party as a security deposit for the company's merchant facility.

At 30 June 2020, cash balances held by the company on behalf of clients under the Financial Conduct Authority's Client Assets Sourcebook amounted to £1,433,077, US\$8,336,643, €3,260,568, AUD 460,824, CHF281,738 and PLN5,080,890 (2019 - £240,479, US\$16,728,013, €1,985,117, AUD 460,307, CHF195,553 and PLN1,781,377). The company has no beneficial interest in these deposits and accordingly they are not included the company's statement of financial position.

#### 12. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	91,684	278,384
Amounts owed to group undertakings	29,058,664	349,979
Corporation tax	68,751	183,713
Taxation and social security	132,040	100,362
Accruals and other creditors	234,746	385,201
Deferred tax	9,085	9,085
<b>Total</b>	<u><b>29,594,970</b></u>	<u><b>1,306,724</b></u>



**AxiCorp Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2020**

**13. Financial instruments**

	2020 Amortised cost £	2019 Amortised cost £
<b>Financial assets</b>		
Amounts owed by group undertakings	9,488,974	1,069,707
Other debtors	1,256,891	452,305
Cash and cash equivalents	20,309,172	766,866
<b>Total</b>	<u><b>31,055,037</b></u>	<u><b>2,288,878</b></u>
<b>Financial liabilities</b>		
Trade creditors	91,684	278,384
Amounts owed to group undertakings	29,058,664	349,979
Accruals and other creditors	234,746	385,201
<b>Total</b>	<u><b>29,385,094</b></u>	<u><b>1,013,564</b></u>

**14. Deferred taxation**

	2020 £
At 1 July 2019	(9,085)
Charged to profit or loss	<u>-</u>
<b>At end of year</b>	<u><b>(9,085)</b></u>

The deferred tax liability is made up as follows:

	2020 £
Accelerated capital allowances	9,085
	<u><u><b>9,085</b></u></u>

**AxiCorp Limited**

**Notes to the Financial Statements  
for the Year Ended 30 June 2020**

**15. Share capital**

	2020 £	2019 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
1,610,850- Ordinary shares of £1 each	<u>1,610,850</u>	<u>1,610,850</u>

**16. Commitments under operating leases**

At 30 June 2020 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	<b>88,159</b>	143,013
Later than 1 year and not later than 5 years	-	88,159
	<u><b>88,159</b></u>	<u>231,172</u>

**17. Financial Risk Management**

**Credit Risk**

The Company is exposed to risk if debts are not repaid to the Company. Material exposures are considered daily by senior management and the AFSPL treasury team.

**Concentration of credit risk**

At 30 June 2020, the Company's single largest counterparty exposure was £12,549,186 held with an "A" rated institution. (2019: £1,706,854 with an unrated institution).

**Liquidity Risk**

All the firm's non-derivative financial liabilities are due for payment within one year. The firm does not hold any derivative financial liabilities.

The firm manages its liquidity risk through the management of its working capital requirements.

**Interest rate risk**

The Company has limited exposure to interest rate risk on its cash positions and any borrowings. Such exposures are managed as efficiently as possible, given that working capital needs to be maintained. Cash at bank is usually invested in short term deposits with maturities no greater than three months. Borrowings consist of an overdraft with a variable interest rate. The effect of a 100 basis points increase/decrease in interest rates would not have a material impact on pre-tax profits or equity.

## AxiCorp Limited

### Notes to the Financial Statements for the Year Ended 30 June 2020

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#### Capital Risk Management

The Company manages its capital, defined as the company's equity capital and reserves, to ensure that it can operate as a going concern and exceed the minimum capital requirements set out by the FCA. The Company held surplus capital over the FCA requirements throughout the year.

The Company's pillar 3 disclosure is available from its website [www.axi.com](http://www.axi.com).

#### Fair value of financial assets and liabilities held at amortised cost

The separate disclosure of the fair value of financial assets and liabilities held at amortised cost is not deemed necessary as the carrying amount is considered to be a reasonable approximation of fair value.

#### 18. Related parties

The intermediate and ultimate parent company is AxiCorp Financial Services Pty Ltd. Group accounts are obtainable from the Company Secretary AxiCorp Limited 36-38 Leadenhall Street, London EC3A 1AT. Accordingly, the company has taken advantage of the exemption available under FRS102 not to disclose balances with fellow wholly owned subsidiaries.

The Company has no subsidiaries.

During the year, service fees were charged to AxiCorp Financial Services Pty Limited, the ultimate parent, amounting to £4,780,455 (2019 - £4,656,824).

The ultimate parent company provides accounting and support services to the Company.

A balance of £8,622,387 was due from AxiCorp Financial Services Pty Limited as at 30 June 2020 and this amount is included within amounts owed by group undertakings (2019 - £349,184 payable from the company).

A balance of £491,099 is receivable from C B Financial Services Ltd (2019- £Nil), a balance of £240,578 (2019 - £211,097) is receivable from AxiCorp MENA DMCC, a balance of £51,049 (2019 - £49,126) is receivable from Solaris EMENA Ltd (Cyprus) a balance of £14,250 is receivable from Australia – AxiTechnology Pty Ltd (2019 - £14,250), a balance of £1,367 is receivable from Axicorp Moldova (2019 - £1,288), a balance of £68,244 is due from Star Financial Systems Ltd (2019 - £NIL) and a balance of £29,058,663 is payable to Axicorp SVG (2019 - £795).

Overall, the net amount due to AxiCorp Financial Services Pty Ltd and its group undertakings is £19,569,690 (2019- due from £719,727).

Key management personnel include all directors and senior managers across the company who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services to the company was £385,183 (2019 - £361,226).

#### 19. Ultimate parent undertaking and controlling party

The directors consider the ultimate controlling party to be Adam Wilson by virtue of his control of AxiCorp Financial Services Pty Ltd, the ultimate controlling company incorporated in Australia.