

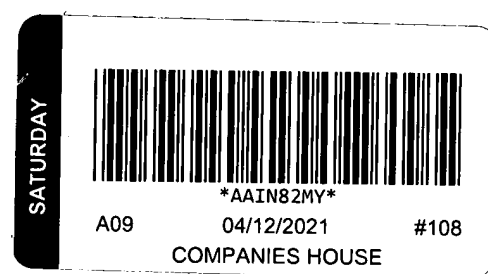
AxiCorp Limited

Annual Report and Financial Statements

Year Ended

30 June 2021

Company Number 06378544



AxiCorp Limited

Company Information

Directors P D W Hare
S Joshi

Company secretary P D W Hare

Registered number 06378544

Registered office 55 Baker Street
London
W1U 7EU

Independent auditor BDO LLP
55 Baker Street
London
EC1A 4AB

AxiCorp Limited

Contents

	Page
Strategic report	1 - 3
Directors' report	4 - 5
Independent auditor's report	6 - 8
Statement of comprehensive income	9
Statement of financial position	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 25

AxiCorp Limited

Strategic Report for the Year Ended 30 June 2021

The directors of AxiCorp Limited submit the strategic report for the year ended 30 June 2021.

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.

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 giving a consistent income stream 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

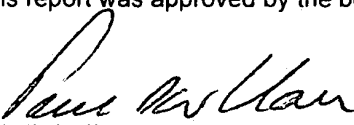
	Year ended 30 June 2021 £ m	Year ended 30 June 2020 £ m
Average month end client money balances	10.6	13.7
Highest month end balance during the period	13.7	21.7
Lowest month end balance during the period	7.7	11.3

- Revenues generated by clients of the AFSPL group serviced by the Group, a measure of the value of the services provided:

	Year ended 30 June 2021 £ m	Year ended 30 June 2020 £ m
Client revenues	17.2	11.8

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: 28 October 2021

AxiCorp Limited

Directors Report

The directors present their report and the financial statements for the year ended 30 June 2021.

Results and dividends

The profit for the year, after taxation, amounted to £1,189,151 (2020 - £259,174).

The directors do not recommend that any dividend be declared in respect of the year (2020 - 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.

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: ²⁰ October 2021

AxiCorp Limited

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of AxiCorp Limited ("the Company") for the year ended 30 June 2021 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and the 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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)

Other Companies Act 2006 reporting

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 the Directors' report have been prepared in accordance with applicable legal requirements.

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 the 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 Statement of Directors' Responsibilities, 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.
- We identified those laws and regulations that could reasonably be expected to have a material impact on the financial statements of the Company through discussions with management and from our knowledge and

AxiCorp Limited

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

experience of regulated brokerage firms. We consider the most significant laws and regulations to include the Companies Act 2006, FCA rules, requirements of PAYE and VAT legislation and FRS 102 (UK GAAP).

- We assessed the extent of compliance with the laws and regulations identified above through: making enquiries of management; reviewing correspondence with regulators; reviewing minutes of board meetings; and inspecting legal expenditure for evidence of potential non-compliance, litigation or claims.
- We held a discussion among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. Furthermore, we communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- Using a risk based approach we identified journals that could be indicative of fraud and agreed these to supporting documentation.
- We assessed whether there was evidence of management bias that may have represented a risk of material misstatement in respect of areas of estimation or judgement.
- We tested a sample of expenditure transactions to ensure that they were valid and reported in the correct accounting period.

Our audit procedures were designed to respond to the risk faced by the Company, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities is available 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Timothy West

3E18819C1A454FF...

Timothy West (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London, UK

20 October 2021

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 2021**

	Note	2021 £	2020 £
Turnover	4	10,811,360	4,780,455
Cost of sales		(5,159,411)	(21,291)
Gross profit		5,651,949	4,759,164
Administrative expenses		(4,160,026)	(4,426,060)
Operating profit	5	1,491,923	333,104
Interest receivable		-	-
Profit on ordinary activities before taxation		1,491,923	333,104
Tax on profit	8	(302,772)	(73,930)
Profit for the Year		1,189,151	259,174
Total Comprehensive Income for the Year		1,189,151	259,174

The notes on pages 12 to 25 form part of these financial statements.

AxiCorp Limited
Registered number: 06378544

Statement of Financial Position
as at 30 June 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	9	39,171	54,022
Current assets			
Trade and other debtors	10	4,190,703	11,594,024
Cash at bank and in hand	11	24,879,297	20,309,172
		<u>29,070,000</u>	<u>31,903,196</u>
Trade and other creditors: amounts falling due within one year	12	(25,557,772)	(29,594,970)
Net current assets		3,512,228	2,308,226
Total Assets less Current Liabilities		<u>3,551,399</u>	<u>2,362,248</u>
Capital and reserves			
Share capital	15	1,610,850	1,610,850
Retained earnings		1,940,549	751,398
Total Capital and Reserves		<u>3,551,399</u>	<u>2,362,248</u>

The notes on pages 12 to 25 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: 20 October 2021

AxiCorp Limited

**Statement of Changes in Equity
for the Year Ended 30 June 2021**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 July 2019	1,610,850	492,224	2,103,074
Comprehensive income for the year			
Profit for the year	-	259,174	259,174
At 1 July 2020	1,610,850	751,398	2,362,248
Comprehensive income for the year			
Profit for the year	-	1,189,151	1,189,151
At 30 June 2021	<u><u>1,610,850</u></u>	<u><u>1,940,549</u></u>	<u><u>3,551,399</u></u>

The notes on pages 12 to 25 form part of these financial statements.

AxiCorp Limited

**Statement of Cash Flows
for the Year Ended 30 June 2021**

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,189,151	259,174
Adjustments for:		
Depreciation of tangible assets	14,851	32,814
Interest received		-
Taxation charge	302,772	73,930
Decrease/(Increase) in debtors	1,299,805	(585,286)
Decrease/(Increase) in amounts owed by group undertakings	6,103,516	(8,419,267)
Decrease/(Increase) in creditors	158,206	(307,119)
(Decrease)/Increase in amounts owed to group undertakings	(4,195,404)	28,708,685
Exchange loss on cash and cash equivalents	(1,294,937)	(13,754)
Tax paid	(302,772)	(187,250)
Net cash generated from operating activities	3,275,188	19,561,927
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(33,375)
Net cash from/(used in) investing activities	-	(33,375)
Net increase/(decrease) in cash and cash equivalents	3,275,188	19,528,552
Cash and cash equivalents as at 1 July 2020	20,309,172	766,866
Exchange gain on cash and cash equivalents	1,294,937	13,754
Cash and cash equivalents as at 30 June 2021	<u>24,879,297</u>	<u>20,309,172</u>

AxiCorp Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

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.

The following principal accounting policies have been applied:

2.2 Going concern

The company had net current assets of £3,512,229 (2020 - £2,308,226) at the reporting date and generated a profit of £1,189,151 (2020 - £259,174) 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.

Fees are a combination of costs plus a mark-up for routine services and in addition a proportion of total Group profit or loss is allocated to the Company based on certain performance criteria.

2.4 Pension Costs

The Company makes contributions to a defined contribution scheme on behalf of certain employees.

Costs are charged to the profit and loss account in the period to which the contribution relates to.

AxiCorp Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

2.5 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.

2.6 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.

2.7 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.

2.8 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 2021**

2.9 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.

2.10 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 2021

2.11 Expenses

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

2.12 Operating leases

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

2.13 Interest income

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

2.14 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 2021**

4. Turnover

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

	2021 £	2020 £
Service fees	10,811,360	4,780,455
Total service fees	<u>10,811,360</u>	<u>4,780,455</u>

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	14,851	32,814
Auditor remuneration - audit fee	65,255	59,500
- taxation	8,550	3,600
- other	4,553	3,300
Occupancy cost	282,815	281,906
Technology cost	95,643	185,523
Travel and accommodation cost	663	60,954
Advertising and marketing cost	764,444	487,067

AxiCorp Limited

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

6. Employees

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

	2021 £	2020 £
Wages and salaries	1,917,043	1,747,752
Social security costs	228,861	217,291
Other costs	43,087	99,301
	<u>2,188,991</u>	<u>2,064,344</u>

Other costs include £43,087 (2020 - £50,480) of pension costs.

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

	2021 No.	2020 No.
Sales and administration	<u>26</u>	<u>23</u>

7. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	<u>316,281</u>	<u>385,163</u>

The highest paid director received remuneration of £150,000 (2020 - £193,868).

£8,186 (2020 - £11,006) 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 2021**

8. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profit for the year	290,006	68,751
Under accrual prior year	12,766	5,179
Total current tax	<u>302,772</u>	<u>73,930</u>
Taxation on profit on ordinary activities	<u>302,772</u>	<u>73,930</u>
Factors affecting tax charge for the year		
The tax assessed for the year is £6,541 higher than (2020 - £6,234 higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:		
	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,491,923</u>	<u>329,035</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	283,465	62,517
Effects of:		
Other adjustments	28,392	11,413
Release of deferred tax provision	(9,085)	-
Total tax charge for the year	<u>302,772</u>	<u>73,930</u>

AxiCorp Limited

**Notes to the Financial Statements
for the Year Ended 30 June 2021**

9. Tangible fixed assets

	Fixtures and fittings £	Equipment, computers and software £	Total £
Cost			
At 1 July 2020	41,151	44,041	85,192
Additions	-	-	-
Disposals	-	-	-
At 30 June 2021	<u>41,151</u>	<u>44,041</u>	<u>85,192</u>
Depreciation			
At 1 July 2020	12,615	18,555	31,170
Charge for the year on owned assets	9,175	5,676	14,851
Disposals	-	-	-
At 30 June 2021	<u>21,790</u>	<u>24,231</u>	<u>46,021</u>
Net book value			
At 30 June 2021	<u>19,361</u>	<u>19,810</u>	<u>39,171</u>
At 30 June 2020	<u>28,536</u>	<u>25,486</u>	<u>54,022</u>

10. Debtors

	2021 £	2020 £
Client funds due	12,651	744,065
Amounts owed by group undertakings	3,385,458	9,488,974
Other debtors	709,393	1,256,891
Prepayments	83,201	104,094
Total	<u>4,190,703</u>	<u>11,594,024</u>

Other debtors include rent deposits of £181,896 (30 June 2020 £181,896) that are due after more than one year.

AxiCorp Limited

**Notes to the Financial Statements
for the Year Ended 30 June 2021**

11. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	<u>24,879,297</u>	<u>20,309,172</u>

At 30 June 2021, cash balances with banks included £80,502 (2020 - £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 2021, cash balances held by the company on behalf of clients under the Financial Conduct Authority's Client Assets Sourcebook amounted to: £1,854,705, US\$5,967,529, €3,061,092, AUD 460,824, CHF286,726 and PLN1,360,740 (2020 £1,433,077, US\$8,336,643, €3,260,568, AUD 460,824, CHF281,738 and PLN5,080,890). The company has no beneficial interest in these deposits and accordingly they are not included in the company's statement of financial position.

12. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	4,975	91,684
Amounts owed to group undertakings	24,863,260	29,058,664
Corporation tax	290,006	68,751
Taxation and social security	84,033	132,040
Accruals and other creditors	315,498	234,746
Deferred tax	-	9,085
Total	<u>25,557,772</u>	<u>29,594,970</u>

AxiCorp Limited

**Notes to the Financial Statements
for the Year Ended 30 June 2021**

13. Financial instruments

	2021 Amortised cost £	2020 Amortised cost £
Financial assets		
Amounts owed by group undertakings	3,385,458	9,488,974
Other debtors	709,393	1,256,891
Cash and cash equivalents	24,879,297	20,309,172
Total	<u><u>28,974,148</u></u>	<u><u>31,055,037</u></u>
Financial liabilities		
Trade creditors	4,975	91,684
Amounts owed to group undertakings	24,863,260	29,058,664
Accruals and other creditors	315,498	234,746
Total	<u><u>25,183,733</u></u>	<u><u>29,385,094</u></u>

14. Deferred taxation

	2021 £
At 1 July 2020	(9,085)
Released to profit or loss	<u>9,085</u>
At end of year	<u>-</u>

The deferred tax liability is made up as follows:

	2021 £
Accelerated capital allowances	-
	<u>-</u>

AxiCorp Limited

Notes to the Financial Statements for the Year Ended 30 June 2021

15. Share capital

	2021 £	2020 £
Shares classified as equity		
Allotted, called up and fully paid		
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 2021 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	156,813	88,159
Later than 1 year and not later than 5 years	566,637	-
	<u>723,450</u>	<u>88,159</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 2021, the Company's single largest counterparty exposure was £16,532,745 held with an "A" rated institution. (2020: £12,549,186 with an "A" rated 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 2021

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.

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 £10,811,360 (2019 - £4,780,455).

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

Amounts due from/(to) fellow Group companies:

	30 June 2021	30 June 2020
	£	£
AxiCorp Financial Services Pty Limited	(14,723,896)	8,622,386
AxiCorp SVG	(10,139,349)	(29,058,663)
Australia Axi Financial	(8)	-
ForexTell	(8)	-
One Financial Markets Asia Limited	1,159	-
PsyQuation Pty Limited	52,204	-
CB Financial Services-DED	54,383	491,099
Solaris EMEA Limited (Cyprus)	223,899	51,049
Star Financial Systems	291,358	68,244
AxiCorp China	322,544	-
Aximena DMCC	416,870	240,578
AxiCorp PTE.LTD	546,012	-
CB Financial Services Limited	1,477,030	-
AxiCorp Moldova	-	1,367
Australia AxiTechnology Pty Ltd	-	14,250
Net amount due to AxiCorp Financial Services Pty Ltd and its group undertakings	(21,477,802)	(19,569,690)

AxiCorp Limited

**Notes to the Financial Statements
for the Year Ended 30 June 2021**

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 £490,231 (2020 - £385,163).

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.