



Sadana & Co.
106, Vishal Chambers, Sector-18, Noida-201301
www.sadanaca.com
e-mail: sadanaca@gmail.com
Ph.: 0120-4235368
Fax: 0120-4235368



SADANA & CO.
CHARTERED ACCOUNTANTS

Auditor's report to the Group Auditor on the audit of financial information for group audit purposes

Name(s) of component(s): **AXISCADES UK Limited**
Group code/Component identifier:
Year-end: 31.03.2018
Currency: INR

To: Group Auditor

As requested in your instructions dated 3rd March, 2018, we have audited, for the purpose of your audit of the group financial statements of **AXISCADES Engineering Technologies Limited**, the accompanying special purpose financial information of **AXISCADES UK Limited** (the component) a Subsidiary of **AXISCADES Engineering Technologies Limited** as of 31.03.2018 and for the year then ended (the specified forms). This special purpose financial information has been prepared solely to enable **AXISCADES Engineering Technologies Limited** to prepare its group financial statements.

Management's responsibility for the specified forms

Management is responsible for the preparation and presentation of the specified forms in accordance with the instructions issued by **AXISCADES Engineering Technologies Limited's** management on 3rd March, 2018 and the policies contained in the **AXISCADES Engineering Technologies Limited** disclosed accounting policies and for such internal control as management determines is necessary to enable the preparation of specified forms that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the specified forms based on our audit. We conducted our audit in accordance with International Standards on Auditing [and, as requested, we performed the additional procedures detailed in Section-B of the group audit instructions dated 3rd March, 2018]. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the specified forms are free of material misstatement. As requested by you, we planned and performed our audit using the component materiality specified in your instructions of [amount], which is different from the materiality level that we would have used, had we been designing the audit to express an opinion on the financial statements of the component alone.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the specified forms. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the specified forms, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the component's preparation and presentation of the specified forms in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the component's internal control. An audit also includes the evaluation of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the specified forms.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. The conclusions reached in forming our opinion are based on the component materiality specified by you in the context of the audit of the group financial statements.

Opinion

In our opinion, the accompanying specified forms of **AXISCADES UK Limited** as of 31.03.2018 and for the year then ended have been prepared, in all material respects¹, in accordance with the instructions issued by **AXISCADES Engineering Technologies Limited's** management on 3rd March, 2018 and the policies contained in the **AXISCADES Engineering Technologies Limited**.

Restriction on Use and Distribution

The specified forms have been prepared for purposes of providing information to **AXISCADES Engineering Technologies Limited** to enable it to prepare the group financial statements. As a result, the specified forms are not a complete set of financial statements of **AXISCADES UK Limited** in accordance with [group applicable financial reporting framework underlying the group's accounting policies] and are not intended to present fairly, in all material respects (or to give a true and fair view of) the financial position of **AXISCADES UK Limited** as of 31.03.2018 and of its financial performance, and its cash flow for the year then ended in accordance with [group applicable financial reporting framework underlying the group's accounting policies]. The specified forms may, therefore, not be suitable for another purpose.

This report is intended solely for the information and use of Ernst & Young in conjunction with the audit of the group financial statements of **AXISCADES Engineering Technologies Limited** and should not be used by [or distributed to], anyone for any other purpose. If you have any questions on this report, please contact us.

For **Sadana & Co.**
Chartered Accountants
FRN:011616N

Jay Prakash



(CA Jay Prakash)
Partner
M.No-542361

29th May, 2018

Financial Statements and Auditors' Report

AXISCADES UK Limited

31-Mar-18

AXISCADES UK Limited

Balance Sheet as at 31 March 2018


(All amounts in GBP lakhs, unless otherwise stated)

	Note	As at 31 March 2018 GBP	As at 31 March 2017 GBP	As at 1 April 2016 GBP
ASSETS				
Non-current assets				
Property, plant and equipment	3	0.04	0.11	0.20
Financial assets				
Non-current tax asset, net	4	-	-	0.18
		<u>0.04</u>	<u>0.11</u>	<u>0.38</u>
Current assets				
Financial assets				
Trade receivables	5	5.93	3.29	8.13
Cash and cash equivalents	6	0.04	0.54	0.07
Other than Cash and Cash equivalents	7	0.00	0.00	1.36
Loans and Advances	8	0.38	0.54	0.53
Other financial assets	9	0.27	0.37	0.42
Other current assets	10	0.25	0.13	0.28
		<u>6.86</u>	<u>4.86</u>	<u>10.79</u>
TOTAL ASSETS		<u>6.91</u>	<u>4.97</u>	<u>11.17</u>
EQUITY AND LIABILITIES				
Equity				
Equity share capital	11	5.75	5.75	5.75
Other equity	12	(5.22)	(4.45)	0.29
		<u>0.53</u>	<u>1.31</u>	<u>6.04</u>
Liabilities				
Current liabilities				
Financial liabilities				
Borrowings	13	3.90	1.10	-
Trade payables	14	1.62	1.71	3.75
Other financial liabilities	15	0.85	0.85	1.38
		<u>6.37</u>	<u>3.67</u>	<u>5.13</u>
TOTAL LIABILITIES		<u>6.91</u>	<u>4.97</u>	<u>11.17</u>

See accompanying notes (1-28) forming part of these financial statements.


This is the Balance Sheet referred to in our report of even date.

For Sadana & Co.
Chartered Accountants
FRN: 011616N


(CA Jay Prakash Ojha)
Partner
Membership No. : 542361

Bengaluru
29 May 2018

For and on behalf of the Board of Directors of AXISCADES UK Limited


Sreedhar Rao Ellentala
Director

Bengaluru
29 May 2018


S. Valmeekanathan
Director

Bengaluru
29 May 2018

AXISCADES UK Limited**Profit or Loss Statement as at 31 March 2018**

(All amounts in GBP lakhs, unless otherwise stated)

	NOTE	Year Ended 31 March 2018	Year Ended 31 March 2017
INCOME			
Revenue from operations	16	19.78	17.96
Other Income	17	0.03	0.00
TOTAL INCOME		19.81	17.96
EXPENSES			
Employee benefits expense	18	11.73	14.52
Other expenses	19	8.68	7.89
Depreciation and amortisation expense	20	0.07	0.10
Finance costs	21	0.10	0.00
TOTAL EXPENSES		20.58	22.52
LOSS BEFORE TAX		(0.77)	(4.55)
Tax expense		-	-
- Current tax		-	-
- Deferred tax (credit)/ charge		-	0.18
LOSS FOR THE YEAR		(0.77)	(4.74)
Other comprehensive income		-	-
Total comprehensive income		(0.77)	(4.74)
Loss per share in ₹	22		
Basic and diluted		(0.13)	(0.82)

See accompanying notes (1-28) forming part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Sadana & Co.
Chartered Accountants
FRN: 011616N


(CA Jay Prakash Ojha)
Partner
Membership No. : 542361

Bengaluru
29 May 2018

For and on behalf of the Board of Directors of AXISCADES UK
Limited.
S. Valmeekanathan
Director


Sreedhar Rao Ellentala
Director


Bengaluru
29 May 2018

AXISCADES UK Limited

Statement of Changes in Equity for the period ended 31 March 2018

(All amounts in GBP lakhs, unless otherwise stated)

A. Equity share capital

Equity shares of GBP 1 each, fully paid-up

	Equity shares	
	Number (in lakhs)	Amount
As at 1 April 2016	5.75	5.75
Add: Issued and subscribed during the year	-	-
As at 31 March 2017	5.75	5.75
Add: Issued and subscribed during the year	-	-
As at 31 March 2018	5.75	5.75

B. Other equity

	Securities Premium Account	Surplus in the Statement of Profit and Loss	Total
Balance as at 1 April 2016 (refer note)			
Loss for the year	0.46	(0.17)	0.29
Other comprehensive income	-	(4.74)	(4.74)
Movement on transition to Ind AS	-	-	-
Total comprehensive income	-	(4.74)	(4.74)
Issue of share capital	-	-	-
Addition during the year	-	-	-
Balance as at 31 March 2017	0.46	(4.91)	(4.45)
Loss for the year	-	(0.77)	(0.77)
Other comprehensive income	-	-	-
Movement on transition to Ind AS	-	-	-
Total comprehensive income	-	(0.77)	0.77
Issue of share capital	-	-	-
Addition during the year	-	-	-
Balance as at 31 March 2018	0.46	(5.68)	(5.22)

See accompanying notes (1-28) forming part of these financial statements.

This is the Statement of Changes in Equity referred to in our report of even date.

For Sadana & Co.
Chartered Accountants

FRN: 011616N

Jay Prakash Ojha

(CA Jay Prakash Ojha)

Partner

Membership No. : 542361

Bengaluru

29 May 2018



For and on behalf of the Board of Directors of AXISCADES UK Limited.

Sreedhar Rao Ellentala

Sreedhar Rao Ellentala
Director

Bengaluru

29 May 2018

S. Valmeekanathan

S. Valmeekanathan
Director

Bengaluru

29 May 2018

AXISCADES UK Limited


Statement of Cash Flows for the year ended 31 March 2018

(All amounts in GBP lakhs, unless otherwise stated)

	As at 31 March 2018 GBP	As at 31 March 2017 GBP	Year ended 31 March 2016 GBP
Cash flows from operating activities			
Profit/ (Loss) before taxation	(0.77)	(4.55)	(1.07)
Adjustment for:			
Depreciation and amortisation expense	0.07	0.10	0.10
Interest expense	0.10	0.00	-
Operating profit before working capital changes	(0.60)	(4.45)	(0.97)
Decrease in trade receivables	(2.64)	4.84	(2.87)
Decrease/ (Increase) in loans and advances	0.15	(0.00)	(0.39)
Decrease/ (Increase) in other Financial Assets	0.10	0.05	-
Decrease/ (Increase) in other Current Assets	(0.12)	0.16	(0.33)
Increase/ (Decrease) in Provisions	-	-	(0.00)
Increase/ (Decrease) in trade payables	(0.09)	(2.04)	2.37
Increase/ (Decrease) in other current liabilities	(0.00)	(0.53)	0.25
Cash generated from operations	(3.19)	(1.98)	(1.95)
Refund received/ (tax paid)	-	-	-
Net cash generated from operating activities	(3.19)	(1.98)	(1.95)
Cash flows from investing activities			
Purchase of fixed assets	(0.00)	(0.00)	(0.21)
Net cash used in investing activities	(0.00)	(0.00)	(0.21)
Cash flows from financing activities			
Inter-corporate deposit received from related party	2.80	1.10	-
Utilization of FD	-	1.36	2.22
Interest paid	(0.10)	(0.00)	-
Net cash used in financing activities	2.70	2.46	2.22
Net (decrease)/ Increase in cash and cash equivalents	(0.50)	0.47	0.06
Cash and cash equivalents at beginning of the year	0.54	0.07	0.00
Cash and cash equivalents at the end of the year	0.04	0.54	0.07

This is the Cash Flow Statement referred to in our report of even date.

For Sadana & Co.
Chartered Accountants
FRN: 011616N


(CA Jay Prakash Ojha)
Partner
Membership No. : 542361

Bengaluru
29-May-18

For and on behalf of the Board of Directors of AXISCADES UK Limited.
S. Valmikanathan
Director


Sreedhar Rao Ellentala
Director

Bengaluru
29-May-18

AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in GBP lakhs, unless otherwise stated)

1. General Information:

AXISCADES UK Limited ('the Company'), operates in the business of Engineering Design Services. The Registered Office is located in The Pump House 15, Narborough Wood Park, Enderby, Leicester LE19 4XT, United Kingdom.

2. Summary of significant accounting policies

a) Basis of accounting and preparation

Financial statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016. The aforesaid financial statements have been approved by the Board of Directors in the meeting held on 3 August 2017.

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with requirements of the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the first Ind AS financial statements of the Company. The date of transition to Ind AS is 1 April 2016. Refer note 28 for the details of first-time adoption exemptions availed by the Company, reconciliations and descriptions of the effect of the transition.

b) Use of estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Significant management judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

b) Use of estimates (Cont'd)

Useful lives of depreciable / amortisable assets

Management reviews its estimate of the useful lives of depreciable / amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in GBP lakhs, unless otherwise stated)

Fair value measurements

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

Deferred tax assets/ liabilities are classified as non-current assets/ liabilities.

d) Property, plant and equipment

The Company has elected to fair value for all of its property, plant and equipment as at 1 April 2016 and consider the fair value as deemed cost as at the transition date i.e., 1 April 2016.

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

d) Property, plant and equipment (cont'd)

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

	Depreciation Rate
Computers	33.33%
Office equipment's	20.00%
Furniture and fixtures	14.29%
Softwares	20.00% - 33.33%
Leasehold improvements	Period of lease

The Company has evaluated the applicability of component accounting as prescribed under Ind AS 16 and Schedule II of the Companies Act, 2013, the management has not identified any significant component having different useful lives. Schedule II requires the Company to identify and depreciate significant components with different useful lives separately.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

Depreciation/amortisation is charged on a proportionate basis for all the assets purchased and sold during the year. Fixed assets individually costing less than GBP 100 are fully depreciated/ amortised in the year of purchase.



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in GBP lakhs, unless otherwise stated)

f) Impairment of property, plant and equipment

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

g) Revenue recognition

Revenue is recognized to in accordance with Ind AS 115, Revenue from contracts with customers, the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of services

The Company derives its revenues primarily from engineering design services. Service income comprises of income from time-and-material and fixed-price contracts. Revenue from time-and-material contracts is recognised in accordance with the terms of the contracts with clients. Revenue from fixed-price contracts is recognised using the percentage of completion method, calculated as the proportion of the efforts incurred up to the reporting date to the estimated total efforts. Provisions for estimated losses on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

'Unbilled revenues' represent revenues recognised on services rendered as per contractual terms, for which amounts are to be billed in subsequent periods. The related billings are expected to be performed as per milestones provided in the contracts.

'Unearned revenues' included in other liabilities represent billings in excess of revenues recognised. Advances received for services are reported as liabilities until all conditions for revenue recognition are met.

h) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan

The Company contributes to social security charges for its employees. The plans are defined contribution plan and contributions paid or payable is recognised as an expense in these periods in which the employee renders services.

Short-term employee benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee

k) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in GBP lakhs, unless otherwise stated)

l) Investments in subsidiaries

The Company's investment in equity instruments in subsidiaries are accounted for at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

n) Provisions and contingencies

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

o) Financial instruments

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Debt instruments at amortised cost;
- ii. Debt instruments at fair value through other comprehensive income (FVTOCI);
- iii. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- iv. Equity investments.

i. Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

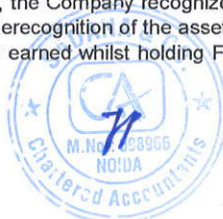
This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

ii. Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit & loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of profit & loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in GBP lakhs, unless otherwise stated)

iii. Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

iv. Equity investments

All equity investments in scope of Ind AS 109 Financial Instruments, are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 Business Combinations, applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit & loss.

De-recognition of financial assets

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a. The rights to receive cash flows from the asset have expired, or
- b. The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (i) the Company has transferred substantially all the risks and rewards of the asset, or (ii) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 Financial Instruments.



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in GBP lakhs, unless otherwise stated)

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss allowance determined as per impairment requirements of Ind AS 109 Financial Instruments and the amount recognised less cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p) Impairment of financial assets

Other financial assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

q) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

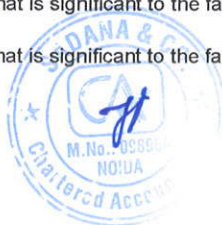
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018

(All amounts in GBP lakhs, unless otherwise stated)

r) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the engineering design service, which constitutes its single reportable segment.

t) Earnings/ (Loss) per Share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

u) Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from 1 April 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company has evaluated the disclosure requirements of the amendment and the effect on the financial statements is not expected to be material.

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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018(cont'd)

(All amounts in GBP lakhs, unless otherwise stated)

	As at 31 March 2018 GBP	As at 31 March 2017 GBP	As at 1 April 2016 GBP
4 Deferred tax Asset, net			
Deferred tax Asset			
NET Net operating losses	-	-	0.18
Deferred tax asset, net	<u>-</u>	<u>-</u>	<u>0.18</u>
Note :			
Deferred tax asset has been recognised on net operating losses which are available for carry forward as per local laws, to the extent of deferred tax liability recognised on timing difference on depreciation and amortisation.			
5 Trade Receivables			
Current			
Unsecured			
Considered good	<u>5.93</u>	<u>3.29</u>	<u>8.13</u>
	<u>5.93</u>	<u>3.29</u>	<u>8.13</u>
6 Cash and cash equivalents			
Balances with bank in current account	0.03	0.53	0.05
Cash on hand	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
	<u>0.04</u>	<u>0.54</u>	<u>0.07</u>
7 Other than Cash and cash equivalents			
Balances with bank other than cash and cash equivalents	0.00	0.00	1.36
	<u>0.00</u>	<u>0.00</u>	<u>1.36</u>
8 Loans			
Current			
Unsecured, considered good			
Advances to Related Parties	0.30	0.45	0.45
Security deposits	<u>0.08</u>	<u>0.08</u>	<u>0.08</u>
	<u>0.38</u>	<u>0.54</u>	<u>0.53</u>
9 Other financial assets			
Current			
Unsecured, considered good			
Unbilled revenue	0.27	0.37	0.42
	<u>0.27</u>	<u>0.37</u>	<u>0.42</u>
10 Other assets			
Prepaid expenses	0.23	0.06	0.28
Other advances recoverable in cash and kind	-	-	-
Advance to employees	<u>0.01</u>	<u>0.07</u>	<u>0.00</u>
	<u>0.25</u>	<u>0.13</u>	<u>0.28</u>



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (Cont'd)

(All amounts in GBP lakhs, unless otherwise stated)

11 SHARE CAPITAL	As at 31 March 2018		As at 1 April 2017		As at 1 April 2016	
	Number (in Lakhs)	Amount (GBP)	Number (in Lakhs)	Amount (GBP)	Number (in Lakhs)	Amount (GBP)
Authorised share capital						
1,000,000 (previous year 1,000,000) Equity shares of GBP 1 each	10.00	10.00	10.00	10.00	10.00	10.00
	10.00	10.00	10.00	10.00	10.00	10.00
Issued, subscribed and paid up share capital						
575,476 (previous year 575,476) Equity shares of GBP 1 each fully paid	5.75	5.75	5.75	5.75	5.75	5.75
	5.75	5.75	5.75	5.75	5.75	5.75
a. Reconciliation of the equity share capital						
Balance at the beginning of the year	5.75	5.75	5.75	5.75	5.75	5.75
Add : Issued during the year	-	-	-	-	-	-
Balance at the end of the year	5.75	5.75	5.75	5.75	5.75	5.75

b. Terms and rights attached to equity shares

The company has only one class of equity shares having a par value of £ 1 per share. Each member of equity shares is entitled to one vote per share. The company has not declared any dividends till date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by Holding Company

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number	GBP	Number	GBP	Number	GBP
AXISCADES Inc.	5.75	5.75	5.75	5.75	5.75	5.75

d. Details of shareholders holding more than 5% shares in the Company

	As at 31 March 2018		As at 31 March 2017		As at 1 April 2016	
	Number (in Lakhs)	Percentage	Number (in Lakhs)	Percentage	Number (in Lakhs)	Percentage
AXISCADES Inc.	5.75	100%	5.75	100%	5.75	100%

12 Other equity

a) Securities premium account

Balance as per the last financial statements
Add: premium on Issue of equity shares
Closing Balance

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
	GBP	GBP	GBP
	0.46	0.46	0.46
	0.46	0.46	0.46

c) Surplus in the Statement of Profit and Loss

Balance at the beginning of the year
Add : Net profit/(loss) for the year

Balance at the end of the year

Total reserves and surplus

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
	(4.91)	(0.17)	0.76
	(0.77)	(4.74)	(0.93)
	(5.68)	(4.91)	(0.17)
	(5.22)	(4.45)	0.29

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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (Cont'd)

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
	GBP	GBP	GBP
13 SHORT-TERM BORROWINGS (Unsecured)			
Loans from related party ICD for GBP 390,000 (FY 2016-17 GBP 110,000) at interest rate of 4%	3.90	1.10	-
	3.90	1.10	-
14 TRADE PAYABLES			
Dues to Related Party	0.99	0.69	
Dues to others	0.48	0.76	3.38
Accrued expenses	0.15	0.26	0.37
	1.62	1.71	3.75
15 Other financial liabilities			
Duties and taxes payable	0.82	0.81	1.38
Dues to employees	-	0.04	-
Interest accrued to Related Party	0.04	0.00	-
	0.85	0.85	1.38

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AXISCADES UK Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (Cont'd)**

(All amounts in GBP lakhs, unless otherwise stated)

(Amount in GBP)

3 Property, plant and equipment (PPE)

	Computers	Furniture and fixtures	Leasehold improvements	Total
Gross block				
Balance as at 1 April 2016	0.16	0.04	0.00	0.20
Additions during the year	0.00	-	-	0.00
Disposals during the year	-	-	-	-
Balance as at 31 March 2017	0.16	0.04	0.00	0.20
Additions during the year	0.00			0.00
Disposals during the year				-
Balance as at 31 March 2018	0.16	0.04	0.00	0.21
Accumulated depreciation				
Depreciation charge for the year	0.08	0.01	-	0.10
Disposals	-	-	-	-
Balance as at 31 March 2017	0.08	0.01	-	0.10
Depreciation charge for the year	0.06	0.01		0.07
Disposals				-
Balance as at 31 March 2018	0.14	0.02	-	0.16
Net Block				
Balance as at 31 March 2017	0.08	0.03	0.00	0.11
Balance as at 31 March 2018	0.02	0.02	0.00	0.04

Note:**a. Deemed carrying cost**

For property, plant and equipment existing as on the date of transition to Ind AS, i.e., 1 April 2016, the Company has used fair value as at 1 April 2016 as deemed cost.

b. Contractual obligations

There are no contractual commitments for the acquisition of property, plant and equipment.

c. Capitalised borrowing cost

There is no borrowing costs capitalised during the year ended 31 March 2018 (1 April 2017: Nil).



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018 (Cont'd)

(All amounts in GBP lakhs, unless otherwise stated)

	Note	Year Ended 31 March 2018	Year Ended 31 March 2017
16 Revenue from operations			
Sale of services			
IT enabled services		19.78	17.96
		19.78	17.96
17 Other income			
Miscellaneous income		0.03	0.00
		0.03	0.00
18 EMPLOYEE BENEFITS EXPENSE			
Salaries, wages and bonus		11.45	13.49
Directors' remuneration		0.22	0.75
Directors' social security		0.02	0.08
Contribution to social security		0.02	0.20
Staff welfare		0.02	0.01
		11.73	14.52
19 OTHER EXPENSES			
Software subscription charges		0.34	0.27
Sub-contracting charges		6.61	4.55
Legal and professional charges		0.09	0.16
Travelling and conveyance		0.41	1.04
Rent		0.49	0.37
Recruitment and training expenses		0.08	0.40
Insurance expenses		0.10	0.23
Communication expenses		0.12	0.11
Repairs and maintenance			
- Buildings		0.03	0.03
- Others		0.13	0.10
Bad debts written off		0.00	-
Advertising expenses		0.03	0.41
Electricity charges		0.06	0.04
Rates and taxes		0.13	0.12
Printing and stationery		0.03	0.01
Processing fee and other bank charges		0.03	0.03
Miscellaneous expenses		0.00	0.01
		8.68	7.89
20 DEPRECIATION AND AMORTISATION EXPENSE			
Depreciation of tangible assets (Also, refer note 8)		0.07	0.10
		0.07	0.10
21 FINANCE COSTS			
Interest on other loans from Related Party		0.10	0.00
		0.10	0.00
22 Loss per share (EPS)			



a) Profit/ (loss) after tax attributable to equity shares (in GBP)	(0.77)	(4.74)
b) Weighted average number of shares outstanding	5.75	5.75
c) Basic and diluted earnings/ (loss) per share (in GBP)	(0.13)	(0.82)



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018(cont'd)

23 RELATED PARTY DISCLOSURES (CONT'D)

iii. Balances as at the year end

	Nature of Transaction	Relationship	Year Ended 31 March 2018	Year Ended 31 March 2017
(i)	Trade payables AXISCADES Engineering Technologies Limited	Holding Company	0.99	1.18
(ii)	Accrued expense AXISCADES Engineering Technologies Limited AXISCADES Technology Canada Inc.	Holding Company Subsidiary Company	0.06 0.04	0.09 0.00
(iii)	Inter-corporate deposit payable AXISCADES Technology Canada Inc.	Subsidiary Company	3.90	1.10
(iv)	Trade receivables AXISCADES Engineering Technologies Limited	Holding Company	0.74	-
(v)	Advances to Related Party AXISCADES Engineering Technologies Limited	Holding Company	0.30	0.45



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018(cont'd)

(All amounts in GBP lakhs, unless otherwise stated)

24 Fair value measurements

(i) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of 31 March 2018 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Carrying value
Assets:				
Cash and cash equivalents	0.04	-	-	0.04
Trade receivable	5.93	-	-	5.93
Loans				
Advances to fellow subsidiary	0.30	-	-	0.30
Security deposits	0.08	-	-	0.08
Other financial assets				
Unbilled revenue	0.27	-	-	0.27
Total	6.62	-	-	6.62
Liabilities:				
Borrowings	3.90	-	-	3.90
Trade payable	1.62	-	-	1.62
Other financial liabilities	0.85	-	-	0.85
Total	6.37	-	-	6.37

The carrying value and fair value of financial instruments by categories as of 31 March 2017 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at FVTPL	Financial assets/liabilities at FVTOCI	Carrying value
Assets:				
Cash and cash equivalents	0.54	-	-	0.54
Trade receivable	3.29	-	-	3.29
Loans				
Advances to fellow subsidiary	0.45	-	-	0.45
Security deposits	0.08	-	-	0.08
Other financial assets				
Unbilled revenue	0.37	-	-	0.37
Total	4.74	-	-	4.74
Liabilities:				
Borrowings	1.10	-	-	1.10
Trade payable	1.71	-	-	1.71
Other financial liabilities	0.85	-	-	0.85
Total	3.67	-	-	3.67

The management assessed that the fair value of cash and cash equivalents, investments, trade receivables, loans, other financial assets, trade payables, working capital loans and other financial liabilities, as applicable approximate the carrying amount largely due to short-term maturity of this instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount.

(iii) Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

a) Assets and liabilities measured at amortised cost for which fair values are disclosed

The management assessed that for amortised cost instruments, fair value approximate largely to the carrying amount. The Company does not have any financial asset / liability requiring measurement at fair value as all the financial assets and liabilities of the Company are being measured at amortised cost.



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018(cont'd)

(All amounts in GBP lakhs, unless otherwise stated)

25 Capital management

For the purpose of the Company's capital management, capital includes issued capital, additional paid in capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 30%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short term deposits.

	As at 31 March 2018	As at 31 March 2017	As at 1 April 2016
Borrowings	3.90	1.10	-
Trade payables	1.62	1.71	3.75
Less: Cash and short term deposits	(0.04)	(0.54)	-
Net debt	5.48	2.27	3.75
Equity	5.75	5.75	5.75
Other Equity	(5.22)	(4.45)	0.29
Capital and net debt	6.01	3.58	9.79
Gearing ratio	91.12%	63.53%	38.33%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2018.

26 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange exposure risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of the customer.

(A) Credit risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to GBP 592,726 as of 31 March 2018.

Trade receivables are unsecured and are derived from revenue from services rendered to its customer. The Company operates under cost plus mark up arrangement with its significant shareholder.

Credit risk from balances with banks is managed in accordance with the Company's policy. The Company's maximum exposure to credit risk for the components as at the Balance sheet date are the carrying amounts as furnished in Note 8. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings as signed by international and domestic credit rating agencies.

Assets under credit risk:

	As at 31.March 2018	As at 31 March 2017	As at 1 April 2016
Cash and cash equivalents	0.04	0.54	0.07
Trade receivable	5.93	3.29	8.13
Advances to subsidiary	0.30	0.45	-
Security deposit	0.08	0.08	0.08
Other financial assets	0.27	0.37	0.42
Total	6.62	4.73	8.69

Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks with high credit ratings as signed by international and domestic credit rating agencies.

Financial assets that are neither past due nor impaired

Cash and cash equivalents, advances to subsidiary, loans and advances to employees, security deposit, other financial assets and unbilled revenue are neither past due nor impaired.



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018(cont'd)

(All amounts in GBP lakhs, unless otherwise stated)

26 Financial risk management (cont'd)

(A) Credit risk (cont'd)

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired. The Company's credit period generally ranges from 30-120 days from invoicing date. The aging analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of receivables, net of allowances that are past due, is given below:

Particulars	As at	As at
	31 March 2018	1 April 2017
Financial assets that are neither past due nor impaired	4.58	2.12
Financial assets that are past due but not impaired		
Past due 0-60 days	0.96	1.02
Past due 61-180 days	0.39	0.15
Total past due but not impaired	<u>1.35</u>	<u>1.17</u>

(B) Liquidity risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. As of 31 March 2017, the Company had a working capital of GBP 1.20 lakhs including cash and cash equivalents of GBP 0.51 lakhs. As of 1 April 2016, the Company had a working capital of GBP 5.66 lakhs including cash and cash equivalents of GBP 1.43 lakhs. Accordingly, no liquidity risk is perceived.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Maturities of financial liabilities

As at 31 March 2018

	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	3.90	-	-	3.90
Trade payables	1.62	-	-	1.62
Dues to employees	-	-	-	-
Interest accrued	0.04	-	-	0.04
Total	<u>5.56</u>	<u>-</u>	<u>-</u>	<u>5.56</u>

Maturities of financial liabilities

As at 31 March 2017

	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	1.10	-	-	1.10
Trade payables	1.71	-	-	1.71
Dues to employees	0.04	-	-	0.04
Interest accrued	0.00	-	-	0.00
Total	<u>2.85</u>	<u>-</u>	<u>-</u>	<u>2.85</u>

Maturities of financial liabilities

As at 1 April 2016

	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	-	-	-	-
Trade payables	3.75	-	-	3.75
Dues to employees	-	-	-	-
Interest accrued	-	-	-	-
Total	<u>3.75</u>	<u>-</u>	<u>-</u>	<u>3.75</u>

(C) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk. Financial instruments affected by market risk include trade and other receivables/ payables. The Company is not exposed to foreign currency risk, interest rate risk and certain other price risk, which are a result from both its operating and investing activities as the Company's transactions are carried out in GBP and it does not hold any investments or financial instruments in currency other than GBP.

Interest rate risk

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, Financial Instruments- Disclosures, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

27 Segment Information

The financial report of the Group would include segment information, therefore no separate disclosure on segment information is given in these standalone financial statements.



AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018(cont'd)

(All amounts in GBP lakhs, unless otherwise stated)

28 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with 1 April 2016 as the transition date and IGAAP as the previous GAAP.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2018, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the Company's date of transition). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

(A) Ind AS optional exemptions

1. Deemed cost for property, plant and equipment and intangible assets

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to fair value for all of its property, plant and equipment and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Ind AS 101 - First-time adoption of Indian Accounting Standards, also permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as on the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment at their fair value as at the transition date and use that as deemed cost as on the date of transition. The Company has elected to measure its intangible assets at their previous GAAP carrying value.

2. Deemed cost for investments in subsidiaries

Ind AS 101 First-time Adoption of Indian Accounting Standards, permits a first-time adopter to elect to continue with the carrying value for investments in subsidiaries as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure its investments in subsidiaries in the standalone financial statements at their previous GAAP carrying value.

2. Lease

Appendix C to Ind AS 17 - Leases, requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17 - Leases, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 - First-time adoption of Indian Accounting Standards, provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

(B) Ind AS mandatory exemptions

1. Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

2. Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets and liabilities will be made considering whether the conditions as per Ind AS 109 are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- The effects of the retrospective application or retrospective restatement are not determinable;
- The retrospective application or restatement requires assumptions about what management's intent would have been in that period;
- The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

3. De-recognition of financial assets and liabilities

Ind AS 101 First-time Adoption of Indian Accounting Standards, requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 First-time Adoption of Indian Accounting Standards, allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, Financial Instruments, retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, Financial Instruments, to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109, Financial Instruments, prospectively from the date of transition to Ind



AXISCADES UK Limited

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Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018(cont'd)

(All amounts in GBP, unless other wise stated)

28 First time adoption of Ind AS (cont'd)

The Company has also prepared a reconciliation of equity as at 31 March 2017 and 1 April 2016 under the previous GAAP with the equity as reported in these financial statements under Ind AS, that reflect the impact of Ind AS on the components of statement of Balance sheet which is presented below:

	As at 31 March 2017	As at 1 April 2016
Equity as per previous GAAP	1.31	6.04
Ind AS Adjustments:		
Equity as per Ind AS	<u>1.31</u>	<u>6.05</u>

C Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

1. Reconciliation of equity as at 1 April 2016 (date of transition to Ind AS)

Notes	Indian GAAP *	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	0.20	-	0.20
Intangible assets			-
Non-current tax asset, net	0.18	-	0.18
	<u>0.39</u>	-	<u>0.39</u>
Current assets			
Financial assets			
Trade receivables	8.13	-	8.13
Cash and cash equivalents	1.43	(1.36)	0.07
Other than Cash and Cash equivalents	-	1.36	1.36
Loans	0.53	-	0.53
Other financial assets	0.42	-	0.42
Other current assets	0.28	-	0.28
	<u>10.79</u>	-	<u>10.79</u>
TOTAL ASSETS	<u>11.18</u>	-	<u>11.18</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	5.75	-	5.75
Other equity	0.29	-	0.29
	<u>6.04</u>	-	<u>6.04</u>
Liabilities			
	-	-	-
Current liabilities			
Financial liabilities			
Borrowings	-	-	-
Trade payables	3.75	-	3.75
Other financial liabilities	1.38	-	1.38
	<u>5.13</u>	-	<u>5.13</u>
TOTAL LIABILITIES	<u>11.18</u>	-	<u>11.18</u>

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

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AXISCADES UK Limited**Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018(cont'd)**

(All amounts in GBP, unless other wise stated)

28 First time adoption of Ind AS (cont'd)**1. Reconciliation of equity as at 31 March 2017**

Notes	Indian GAAP *	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	0.11	-	0.11
Intangible assets	-	-	-
Non-current tax asset, net	-	-	-
	<u>0.11</u>	<u>-</u>	<u>0.11</u>
Current assets			
Financial assets			
Trade receivables	3.29	-	3.29
Cash and cash equivalents	0.54	-0.00	0.54
Other than Cash and Cash equivalents	-	0.00	0.00
Loans	0.54	-	0.54
Other financial assets	0.37	-	0.37
Other current assets	0.13	-	0.13
	<u>4.86</u>	<u>-</u>	<u>4.86</u>
TOTAL ASSETS	<u>4.97</u>	<u>-</u>	<u>4.97</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	5.75	-	5.75
Other equity	(4.45)	-	-4.45
	<u>1.31</u>	<u>-</u>	<u>1.31</u>
Liabilities			
Current liabilities			
Financial liabilities			
Borrowings	1.10	-	1.10
Trade payables	1.71	-	1.71
Other financial liabilities	0.85	-	0.85
	<u>3.67</u>	<u>-</u>	<u>3.67</u>
TOTAL LIABILITIES	<u>4.97</u>	<u>-</u>	<u>4.98</u>

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018(cont'd)

(All amounts in GBP, unless other wise stated)

28 First time adoption of Ind AS (cont'd)

2. Reconciliation of profit or loss for the year ended 31 March 2017

	Notes	Indian GAAP *	Adjustments	Ind AS
INCOME				
Revenue from operations		17.96	-	17.96
Other income		-	-	-
TOTAL		17.96	-	17.96
EXPENSES				
Employee benefits expense		14.52	-	15
Other expenses		7.89	-	8
Depreciation and amortisation expense		0.10	-	0.10
Finance costs		0.00	-	0.00
TOTAL		22.52	-	23
Loss before tax		(4.56)	-	(4.56)
Tax expense:				
Current tax		0.18	-	0.18
Loss after tax		(4.74)	-	(4.74)
Other Comprehensive Income		-	-	-
Other comprehensive income not to be reclassified				
Net other comprehensive income not to be reclassified	Note - 3	-	-	-
Other comprehensive income to be reclassified				
Net other comprehensive income to be reclassified		-	-	-
Total Comprehensive Income for the Year		(4.74)	-	(4.74)

* The Indian GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

3. Reconciliation of cash flow statement for the year ended 31 March 2017

	Notes	Indian GAAP *	Adjustments	Ind AS
Net cash used in operating activities		(1.98)	-	(1.98)
Net cash used in investing activities		(0.00)	-	(0.00)
Net cash generated from financing activities		1.10	1.36	2.46
Net increase in cash and cash equivalents		(0.89)	1.36	0.47
Cash and cash equivalents at the beginning of the year		1.43	(1.36)	0.07
Cash and cash equivalents at the end of the year		0.54	(0.00)	0.54

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AXISCADES UK Limited

Summary of significant accounting policies and other explanatory information for the year ended 31 March 2018(cont'd)

28 First time adoption of Ind AS (cont'd)

Notes

1 Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument:

(a) fair value, in case of financial instruments subsequently carried at fair value through profit or loss (FVTPL);

(b) fair value adjusted for transaction costs, in case of all other financial instruments.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. In case of all financial assets except for those at FVTPL, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss. Different criteria to determine impairment are applied for each category of financial assets.

2 Financial liabilities

Financial liabilities recognised when the Company becomes a party to the contractual provisions of the financial instrument:

(a) fair value, in case of financial instruments subsequently carried at fair value through profit or loss (FVTPL);

(b) fair value adjusted for transaction costs, in case of all other financial instruments.

A financial liability is derecognised when the underlying obligation specified in the contract is discharged, cancelled or expires.

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

3 Cash flow statement

Under Ind AS 7 - Statement of cash flows, bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents.

See accompanying notes (1-28) forming part of these financial statements.

This is the summary of accounting policies and other explanatory information referred to in our report of even date.

For Sadana & Co.

Chartered Accountants

FRN: 011616N



(CA Jay Prakash Ojha)

Partner

Membership No. : 542361

Bengaluru

29-May-18

For and on behalf of the Board of Directors of AXISCADES UK Limited



Sreedhar Rao Ellentala

Director

Bengaluru

29-May-18



S. Valmeekanathan

Director

Bengaluru

29 May 2018