

Company Registration No. 02719607 (England and Wales)

**CIMB SECURITIES (UK) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# **CIMB SECURITIES (UK) LIMITED**

## **COMPANY INFORMATION**

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|-----------------------------|----------------------------------------------------------------------------|-------------------------|
| <b>Directors</b>            | Mr J Choi<br>Ms C S L Chan<br>Mr R P White                                 | (Appointed 8 June 2016) |
| <b>Secretary</b>            | Carter Backer Winter LLP                                                   |                         |
| <b>Company number</b>       | 02719607                                                                   |                         |
| <b>Registered office</b>    | 27 Knightsbridge<br>London<br>SW1X 7YB                                     |                         |
| <b>Independent auditors</b> | PricewaterhouseCoopers LLP<br>7 More London Riverside<br>London<br>SE1 2RT |                         |
| <b>Business address</b>     | 27 Knightsbridge<br>London<br>SW1X 7YB                                     |                         |
| <b>Bankers</b>              | Standard Chartered Bank<br>37 Gracechurch Street<br>London<br>EC3V 0BX     |                         |

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# **CIMB SECURITIES (UK) LIMITED**

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# **CIMB SECURITIES (UK) LIMITED**

## **STRATEGIC REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present the strategic report and financial statements for the year ended 31 December 2016.

### **Principal activities**

The principal activity of CIMB Securities (UK) Limited ("the Company") remains that of securities related business. The Company is authorised and regulated by the Financial Conduct Authority.

### **Position at year end**

The directors consider the position of the Company at 31 December 2016 to be satisfactory.

### **Principal risks and uncertainties**

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of CIMB Group Holdings Berhad ("the Group") and are not managed separately.

The major risk associated with the business is a severe down turn in the sale and purchase of financial securities and related services, in Asia.

### **Financial risk management**

**Credit risk:** The maximum exposure to credit risk is represented by the carrying amounts on the balance sheet. There are no material financial assets the Company considers past due. The cash balance is held with one credit institution. The board is aware of the concentration risk involved but the risk is considered to be low as the credit institution is stable. The board keeps the banking arrangements under constant and close review.

**Capital risk:** In order to maintain the capital structure of the Company, the Company may adjust the amount of dividend paid to the shareholders, the return of capital to shareholders, or the issue of new shares.

### **Key performance indicators (KPI's)**

The position and nature of the Company's relationship within the group sets the key performance indicator as the revenue generated in the Asian group resulting from the activities of CIMB Securities (UK) Limited.

The Company's directors believe that an analysis using other key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The directors consider that in the conditions prevailing during the year, the development of the Company's business and its financial position at the end of the year were satisfactory.

The directors of the Company recognise that the business followed the general malaise in the Asia market which has resulted in sales decreasing by 16% but it managed to increase its gross profit margin from 39% to 43% compared to last year by restructuring the operation. The directors are satisfied the Company reflected the prevailing market conditions.

### **Likely future developments**

The directors do not foresee any change in the Company's principal activity.

### **Development and performance**

There has been no change in the business undertaken and performed in the year which continues to develop at the same manner as last year;

On behalf of the board



Mr R P White  
Director

# **CIMB SECURITIES (UK) LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors present their annual report and audited financial statements for the year ended 31 December 2016

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

|               |                         |
|---------------|-------------------------|
| Mr P C Han    | (Resigned 23 June 2016) |
| Mr J Choi     |                         |
| Ms C S L Chan |                         |
| Mr R P White  | (Appointed 8 June 2016) |

### **Results**

The results for the year are set out on page 6. No ordinary dividends were paid (2015: £Nil). The directors do not recommend payment of a final dividend.

### **Pillar 3**

Regulatory disclosures required to be made under Capital Requirements Regulations in relation to risk management, capital adequacy and remuneration (Pillar 3 Disclosures) are included at the end of the Annual Report and financial statements. The Pillar 3 Disclosures are unaudited.

### **Use of financial instruments**

The Company does not use derivative instruments.

### **Independent auditors**

In accordance with the company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditors of the company will be put at a General Meeting.

### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of:

- Financial risk management
- Likely future developments

### **Statement of disclosure of information to auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr R P White  
Director

## **CIMB SECURITIES (UK) LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

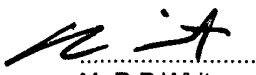
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors 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.

On behalf of the board

 21/4/17  
.....  
Mr R P White  
Director

# **CIMB SECURITIES (UK) LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF CIMB SECURITIES (UK) LIMITED**

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#### **Report on the financial statements**

##### **Our opinion**

In our opinion, CIMB Securities (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit and cash flows 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.

##### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

##### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or 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.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# **CIMB SECURITIES (UK) LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF CIMB SECURITIES (UK) LIMITED**

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#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### **What an audit of financial statements involves**

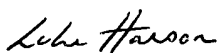
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



**Luke Hanson (Senior Statutory Auditor)**

**for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London**

**24 April 2017**

**CIMB SECURITIES (UK) LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2016**

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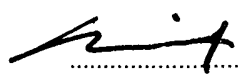
|                                        | <b>Note</b> | <b>2016<br/>£</b>     | <b>2015<br/>£</b>     |
|----------------------------------------|-------------|-----------------------|-----------------------|
| Turnover                               | <b>3</b>    | 3,095,437             | 3,685,052             |
| Cost of sales                          |             | (1,757,819)           | (2,215,680)           |
| <b>Gross profit</b>                    |             | <u>1,337,618</u>      | <u>1,469,372</u>      |
| Administrative expenses                |             | (1,182,531)           | (1,304,190)           |
| <b>Operating profit</b>                | <b>4</b>    | <u>155,087</u>        | <u>165,182</u>        |
| Interest receivable and similar income | <b>7</b>    | 3,979                 | 4,470                 |
| <b>Profit before taxation</b>          |             | <u>159,066</u>        | <u>169,652</u>        |
| Tax on profit                          | <b>8</b>    | (37,550)              | (45,520)              |
| <b>Profit for the financial year</b>   |             | <u><u>121,516</u></u> | <u><u>124,132</u></u> |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

**CIMB SECURITIES (UK) LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2016**

|                                                       | Note | 2016<br>£        | £                | 2015<br>£        | £                |
|-------------------------------------------------------|------|------------------|------------------|------------------|------------------|
| <b>Fixed assets</b>                                   |      |                  |                  |                  |                  |
| Tangible assets                                       | 9    |                  | -                |                  | 26,627           |
| <b>Current assets</b>                                 |      |                  |                  |                  |                  |
| Debtors                                               | 11   | 850,343          |                  | 1,037,673        |                  |
| Cash at bank and in hand                              |      | 2,125,470        |                  | 1,661,336        |                  |
|                                                       |      | <u>2,975,813</u> |                  | <u>2,699,009</u> |                  |
| <b>Creditors: amounts falling due within one year</b> | 12   | <u>(450,705)</u> |                  | <u>(322,044)</u> |                  |
| Net current assets                                    |      |                  | 2,525,108        |                  | 2,376,965        |
| <b>Total assets less current liabilities</b>          |      |                  | <u>2,525,108</u> |                  | <u>2,403,592</u> |
| <b>Capital and reserves</b>                           |      |                  |                  |                  |                  |
| Called up share capital                               | 15   | 500,000          |                  | 500,000          |                  |
| Profit and loss account                               |      | 2,025,108        |                  | 1,903,592        |                  |
| <b>Total equity</b>                                   |      |                  | <u>2,525,108</u> |                  | <u>2,403,592</u> |

The financial statements on pages 6 to 21 were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:

 21/4/17

Mr R P White  
Director

Company Registration No. 02719607

**CIMB SECURITIES (UK) LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2016**

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|                                                    | <b>Called up<br/>share<br/>capital<br/>£</b> | <b>Profit and<br/>loss<br/>account<br/>£</b> | <b>Total equity<br/>£</b> |
|----------------------------------------------------|----------------------------------------------|----------------------------------------------|---------------------------|
| <b>Balance at 1 January 2015</b>                   | 500,000                                      | 1,779,460                                    | 2,279,460                 |
| <b>Year ended 31 December 2015:</b>                |                                              |                                              |                           |
| Profit and total comprehensive income for the year | -                                            | 124,132                                      | 124,132                   |
| <b>Balance at 31 December 2015</b>                 | 500,000                                      | 1,903,592                                    | 2,403,592                 |
| <b>Year ended 31 December 2016:</b>                |                                              |                                              |                           |
| Profit and total comprehensive income for the year | -                                            | 121,516                                      | 121,516                   |
| <b>Balance at 31 December 2016</b>                 | 500,000                                      | 2,025,108                                    | 2,525,108                 |

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# CIMB SECURITIES (UK) LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

|                                                                   | Notes | 2016<br>£ | £                       | 2015<br>£ | £                       |
|-------------------------------------------------------------------|-------|-----------|-------------------------|-----------|-------------------------|
| <b>Cash flows from operating activities</b>                       |       |           |                         |           |                         |
| Cash generated from/(absorbed by) operations                      | 20    |           | 460,155                 |           | (12,394)                |
| Income taxes paid                                                 |       |           | -                       |           | (54,670)                |
| <b>Net cash inflow/(outflow) operating activities</b>             |       |           | <u>460,155</u>          |           | <u>(67,064)</u>         |
| <b>Investing activities</b>                                       |       |           |                         |           |                         |
| Purchase of tangible fixed assets                                 |       | -         |                         | (36,155)  |                         |
| Interest received                                                 |       | 3,979     |                         | 4,470     |                         |
| <b>Net cash generated from/(absorbed by) investing activities</b> |       |           | <u>3,979</u>            |           | <u>(31,685)</u>         |
| <b>Net cash change in financing activities</b>                    |       |           | <u>-</u>                |           | <u>-</u>                |
| <b>Net increase/(decrease) in cash and cash equivalents</b>       |       |           | <u>464,134</u>          |           | <u>(98,749)</u>         |
| Cash and cash equivalents at beginning of year                    |       |           | <u>1,661,336</u>        |           | <u>1,760,085</u>        |
| <b>Cash and cash equivalents at end of year</b>                   |       |           | <u><u>2,125,470</u></u> |           | <u><u>1,661,336</u></u> |

# **CIMB SECURITIES (UK) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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### **1 Accounting policies**

#### **Company information**

CIMB Securities (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 27 Knightsbridge, London, SW1X 7YB.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted, have been applied consistently and are set out below

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Turnover**

Turnover represents amounts owed by group companies and is recognised on an accruals basis, over the period to which it relates.

#### **1.4 Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

Depreciation is calculated using the straight line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives are as follows:

|                                |         |
|--------------------------------|---------|
| Computer and Office Equipment  | 3 years |
| Fixtures, fittings & equipment | 3 years |
| Computer equipment             | 3 years |

#### **1.5 Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

# CIMB SECURITIES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies

(Continued)

#### **Impairment of fixed assets (continued)**

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### **1.6 Cash and cash equivalents**

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **1.7 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

#### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

# CIMB SECURITIES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### Financial instruments (continued)

##### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

##### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables, loans from fellow group companies and shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

### 1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

# CIMB SECURITIES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

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### 1 Accounting policies

(Continued)

#### 1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### **Deferred tax**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results stated in the financial statements. Deferred tax is provided at the tax rates expected to be in force when the timing difference reverses based on the rates which have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised to the extent it is considered more likely than not that they are recoverable.

#### 1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### **Pension contributions**

The Company makes contributions to employees' personal pensions plans under a Defined Contribution scheme. Contributions are charged in the profit and loss account over the period to which they relate.

##### **Share based payments**

Awards of share or options to directors and employees represent the grant, by the ultimate parent company, of rights related to shares of that parent company. The Company has no obligation to settle these transactions. In accordance with FRS 102 all such share based compensation is accounted for as equity-settled with a corresponding adjustment to capital contributions. Awards are measured at fair value at the award date. Such fair values are measured using market price of shares or the Trinomial Model for options taking into account the terms and conditions upon which the awards were granted. The fair value is recognised as an expense over the vesting period and is adjusted only to reflect the actual number of options or shares which will vest, unless forfeiture is only due to share prices not achieving the threshold for vesting. The matching credit is treated as a capital contribution from the parent company, such contribution being reduced to the extent that the parent recharges the Company for the cost of the shares or options awarded. Any amounts of undistributed capital contribution are transferred to retained profit once the options or awards have been exercised or have expired.

#### 1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

# CIMB SECURITIES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 1 Accounting policies

(Continued)

#### 1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

#### 1.13 Cost of sales

Cost of sales comprises Employment Costs directly related to the production of the Turnover.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

An estimation has been applied in calculating depreciation and the useful economic life of assets

### 3 Turnover

|             | 2016<br>£ | 2015<br>£ |
|-------------|-----------|-----------|
| Turnover    |           |           |
| UK Turnover | 3,095,437 | 3,685,052 |

### 4 Operating profit

|                                                                                            | 2016<br>£ | 2015<br>£ |
|--------------------------------------------------------------------------------------------|-----------|-----------|
| Operating profit for the year is stated after charging:                                    |           |           |
| Exchange losses                                                                            | 2,310     | 1,788     |
| Fees payable to the company's auditors for the audit of the company's financial statements | 22,500    | 21,400    |
| Depreciation of owned tangible fixed assets                                                | 26,627    | 46,538    |
| Share-based payments                                                                       | 7,324     | 16,155    |
| Operating lease charges                                                                    | 141,455   | 147,347   |

# CIMB SECURITIES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

|                | 2016<br>Number | 2015<br>Number |
|----------------|----------------|----------------|
| Administration | 3              | 3              |
| Sales          | 11             | 12             |
|                | <u>14</u>      | <u>15</u>      |

Their aggregate remuneration comprised:

|                       | 2016<br>£        | 2015<br>£        |
|-----------------------|------------------|------------------|
| Wages and salaries    | 1,420,741        | 1,831,169        |
| Social security costs | 158,719          | 189,449          |
| Other pension costs   | 171,035          | 178,907          |
|                       | <u>1,750,495</u> | <u>2,199,525</u> |

### 6 Directors' remuneration

|                                      | 2016<br>£      | 2015<br>£      |
|--------------------------------------|----------------|----------------|
| Remuneration for qualifying services | <u>557,713</u> | <u>323,380</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2015: 0).

The number of directors who are entitled to receive shares under long term incentive schemes during the year was 1 (2015: 1).

Remuneration disclosed above include the following amounts paid to the highest paid director:

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| Remuneration for qualifying services | <u>336,255</u> | <u>323,380</u> |
|--------------------------------------|----------------|----------------|

Mr P C Han, who resigned from the company during the financial year, received £174,595 compensation for loss of office

### 7 Interest receivable and similar income

|                           | 2016<br>£    | 2015<br>£    |
|---------------------------|--------------|--------------|
| Interest income           |              |              |
| Interest on bank deposits | <u>3,979</u> | <u>4,470</u> |

# CIMB SECURITIES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

### 8 Tax on profit

|                                                      | 2016<br>£     | 2015<br>£     |
|------------------------------------------------------|---------------|---------------|
| <b>Current tax</b>                                   |               |               |
| UK corporation tax on profits for the current period | 41,103        | 47,257        |
| <b>Deferred tax</b>                                  |               |               |
| Origination and reversal of timing differences       | (3,553)       | (1,737)       |
| <b>Total tax charge</b>                              | <b>37,550</b> | <b>45,520</b> |

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

|                                                                               | 2016<br>£     | 2015<br>£     |
|-------------------------------------------------------------------------------|---------------|---------------|
| Profit before taxation                                                        | 159,066       | 169,652       |
| Expected tax charge based on a corporation tax rate of 20.00% (2015 - 20.25%) | 31,813        | 34,355        |
| Tax effect of expenses that are not deductible in determining taxable profit  | 8,620         | 11,152        |
| Permanent capital allowances in excess of depreciation                        | (7,936)       | (9,466)       |
| Depreciation on assets not qualifying for tax allowances                      | 5,325         | 9,416         |
| Other permanent differences                                                   | (1,737)       | (1,737)       |
| Share based payment charge                                                    | 1,465         | 1,800         |
| <b>Tax expense for the year</b>                                               | <b>37,550</b> | <b>45,520</b> |

# CIMB SECURITIES (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

### 9 Tangible assets

|                                                | Computer and<br>Office<br>Equipment<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Computer<br>equipment<br>£ | Total<br>£ |
|------------------------------------------------|------------------------------------------|-------------------------------------------|----------------------------|------------|
| <b>Cost</b>                                    |                                          |                                           |                            |            |
| At 1 January 2016                              | 131,117                                  | 346,646                                   | 224,635                    | 702,398    |
| At 31 December 2016                            | 131,117                                  | 346,646                                   | 224,635                    | 702,398    |
| <b>Accumulated depreciation and impairment</b> |                                          |                                           |                            |            |
| At 1 January 2016                              | 111,772                                  | 346,646                                   | 217,353                    | 675,771    |
| Depreciation charged in the year               | 19,345                                   | -                                         | 7,282                      | 26,627     |
| At 31 December 2016                            | 131,117                                  | 346,646                                   | 224,635                    | 702,398    |
| <b>Carrying amount</b>                         |                                          |                                           |                            |            |
| At 31 December 2016                            | -                                        | -                                         | -                          | -          |
| <b>Carrying amount</b>                         |                                          |                                           |                            |            |
| At 31 December 2015                            | 19,345                                   | -                                         | 7,282                      | 26,627     |

### 10 Financial instruments

|                                                 | 2016<br>£ | 2015<br>£ |
|-------------------------------------------------|-----------|-----------|
| <b>Carrying amount of financial assets</b>      |           |           |
| Debt instruments measured at amortised cost     |           |           |
| Amounts owed by group undertakings              | 682,073   | 933,947   |
| Cash and cash equivalents                       | 2,125,470 | 1,661,336 |
| <b>Carrying amount of financial liabilities</b> |           |           |
| Measured at amortised cost                      |           |           |
| Accruals and other creditors                    | 361,593   | 303,525   |
|                                                 | 361,593   | 303,525   |

Fair value approximates carrying value due to short term nature of assets.

## CIMB SECURITIES (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

#### 11 Debtors

|                                             | 2016<br>£      | 2015<br>£        |
|---------------------------------------------|----------------|------------------|
| <b>Amounts falling due within one year:</b> |                |                  |
| Amounts owed by group undertakings          | 682,073        | 933,947          |
| Other debtors                               | 33,282         | -                |
| Prepayments and accrued income              | 123,301        | 95,592           |
|                                             | <u>838,656</u> | <u>1,029,539</u> |
| Deferred tax asset (note 13)                | 11,687         | 8,134            |
|                                             | <u>850,343</u> | <u>1,037,673</u> |

#### 12 Creditors: amounts falling due within one year

|                                    | 2016<br>£      | 2015<br>£      |
|------------------------------------|----------------|----------------|
| Corporation tax                    | 45,486         | 4,383          |
| Other taxation and social security | 43,626         | 14,136         |
| Other creditors                    | 39             | 3,078          |
| Accruals and deferred income       | 361,554        | 300,447        |
|                                    | <u>450,705</u> | <u>322,044</u> |

## CIMB SECURITIES (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

#### 13 Deferred taxation

The following is the analysis of the deferred income tax balances for financial reporting purposes:

|                                | 2016          | 2015         |
|--------------------------------|---------------|--------------|
| Balances:                      | £             | £            |
| Accelerated capital allowances | 7,911         | 4,323        |
| Share based payments           | 3,776         | 3,811        |
|                                | <u>11,687</u> | <u>8,134</u> |

#### 14 Share-based payment transactions

##### Equity Ownership Plan ("EOP")

EOP was introduced on 1 April 2011 by the Group where the Group will grant ordinary shares of the parent company to selected employees in the Group, with a re-charge to the Company. Under EOP, earmarked portions of the variable remuneration of the selected employees of the Group will be utilised to purchase ordinary shares of the parent company from the open market, the purchased shares will be released progressively to the eligible employees at various dates subsequent to the purchase date, subject to continued employment. A fellow subsidiary company will act on behalf of the Group to administer the EOP and to hold the shares in trust up to the pre-determined transfer date. The eligibility of the participation in the EOP shall be at the discretion of the Compensation Review committee of the Group.

Upon termination of the employment other than retirement, disability or death, any unreleased shares will be disposed of at the market price and proceeds received will be donated to the CIMB Foundation on behalf of employees. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of the employment and the shares will be assigned to the designated beneficiary.

The total EOP share-based payment expense recognised in the statement of income during the financial year amounted to £7,324 (2015: £16,155).

#### 15 Called up share capital

|                                    | 2016           | 2015           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Ordinary share capital             |                |                |
| Issued and fully paid              |                |                |
| 500,000 Ordinary shares of £1 each | <u>500,000</u> | <u>500,000</u> |

## CIMB SECURITIES (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

#### 16 Retirement benefit schemes

|                                                                     | 2016    | 2015    |
|---------------------------------------------------------------------|---------|---------|
|                                                                     | £       | £       |
| <b>Defined contribution schemes</b>                                 |         |         |
| Charge to profit or loss in respect of defined contribution schemes | 171,035 | 178,907 |

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

#### 17 Operating lease commitments

##### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

|                            | 2016           | 2015           |
|----------------------------|----------------|----------------|
|                            | £              | £              |
| Within one year            | 182,596        | 176,856        |
| Between two and five years | 593,437        | 750,734        |
| In over five years         | -              | 46,921         |
|                            | <u>776,033</u> | <u>974,511</u> |

#### 18 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel, who are also directors, is as follows.

|                        | 2016           | 2015           |
|------------------------|----------------|----------------|
|                        | £              | £              |
| Aggregate compensation | <u>557,713</u> | <u>323,380</u> |

##### Transactions with related parties

No guarantees have been given or received.

#### 19 Controlling party

The Company's immediate parent undertaking, and the parent undertaking of the smallest group which prepares consolidated financial statements and of which the Company is a member, is CIMB Securities International Pte Ltd. a company registered in Singapore. The Company's ultimate parent undertaking and ultimate controlling party, and the parent undertaking of the largest group which prepares consolidated financial statements and of which the Company is a member, is CIMB Group Holdings Berhad a company incorporated in Malaysia. Copies of the consolidated financial statements are available for CIMB Securities International Pte Ltd at 50 Raffles Place, #16-02, Singapore Land Tower, Singapore 048623 and for CIMB Group Holdings Berhad at Level 13, Menara CIMB, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

## CIMB SECURITIES (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 20 Cash generated from/(absorbed by) operations

|                                                      | 2016<br>£      | 2015<br>£       |
|------------------------------------------------------|----------------|-----------------|
| Profit for the financial year                        | 121,516        | 124,132         |
| <b>Adjustments for:</b>                              |                |                 |
| Income tax expense                                   | 37,550         | 45,520          |
| Investment income                                    | (3,979)        | (4,470)         |
| Depreciation and impairment of tangible fixed assets | 26,627         | 46,538          |
| <b>Movements in working capital:</b>                 |                |                 |
| Decrease in debtors                                  | 190,883        | 9,523           |
| Increase/(decrease) in creditors                     | 87,558         | (233,637)       |
| <b>Cash generated from/(absorbed by) operations</b>  | <u>460,155</u> | <u>(12,394)</u> |

**CIMB SECURITIES (UK) LIMITED****DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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|                                          |           | 2016               |           | 2015               |
|------------------------------------------|-----------|--------------------|-----------|--------------------|
|                                          | £         | £                  | £         | £                  |
| <b>Turnover</b>                          |           |                    |           |                    |
| Sales of goods                           |           | 3,095,437          |           | 3,685,052          |
| <b>Cost of sales</b>                     |           |                    |           |                    |
| Wages and salaries                       | 1,420,741 |                    | 1,831,169 |                    |
| Social security costs                    | 158,719   |                    | 189,449   |                    |
| Staff pension costs defined contribution | 171,035   |                    | 178,907   |                    |
| Share based payment costs                | 7,324     |                    | 16,155    |                    |
|                                          |           | <u>(1,757,819)</u> |           | <u>(2,215,680)</u> |
| <b>Gross profit</b>                      | 43.21%    | 1,337,618          | 39.87%    | 1,469,372          |
| <b>Administrative expenses</b>           |           | <u>(1,182,531)</u> |           | <u>(1,304,190)</u> |
| <b>Operating profit</b>                  |           | 155,087            |           | 165,182            |
| <b>Investment revenues</b>               |           |                    |           |                    |
| Bank interest received                   | 3,979     |                    | 4,470     |                    |
|                                          |           | <u>3,979</u>       |           | <u>4,470</u>       |
| <b>Profit before taxation</b>            | 5.14%     | <u>159,066</u>     | 4.60%     | <u>169,652</u>     |

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**CIMB SECURITIES (UK) LIMITED**

**COUNTRY-BY-COUNTRY REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

**COUNTRY-BY-COUNTRY REPORT**

The directors present the Country-by-Country Report of CIMB Securities (UK) Limited ("the Company") for the year ended 31 December 2016.

The Capital Requirements (Country-by-country reporting) Regulations 2013 requires that the Company discloses certain information by country in which it operates by 31 December 2015 and annually thereafter. The Company has appended this information to its Annual report for the year ending 31 December 2016 and plans to continue to do so in the future. The principal activity of the Company remains that of securities related business and it remains authorised and regulated by the Financial Conduct Authority. The Company has earned all of its revenues within the UK with turnover totalling £3,095k in 2016 (2015: £3,685k), profit before tax of £159k (2015: £170k) corporation tax paid of £Nil (2015: £55k). The Company's average number of full time equivalents was 14 in 2016 (15 in 2015). The amount of public subsidies received was £Nil (2015: £Nil).

The independent auditors' report on a Country-by-Country basis has been included in accordance with the Capital requirements (Country-by-Country Reporting) Regulations 2013.

This disclosure has been prepared on the same basis as that shown in Note 1 of the Company's annual report and financial statements.

# **CIMB SECURITIES (UK) LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE DIRECTORS OF CIMB SECURITIES (UK) LIMITED**

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We have audited the accompanying schedule of CIMB Securities (UK) Limited for the year ended 31 December 2016 ("the schedule"). The schedule has been prepared by the directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

#### **Directors' Responsibility for the schedule**

The directors are responsible for the preparation of the schedule in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the schedule, and for such internal control as the directors determine is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

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

#### **Opinion**

In our opinion, the country-by-country information in the schedule as at 31 December 2016 is prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

#### **Basis of Preparation and Restriction on Distribution**

Without modifying our opinion, we draw attention to the schedule on page 22, which describes the basis of preparation. The schedule is prepared to assist the directors to meet the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. As a result, the schedule may not be suitable for another purpose.

Our report is intended solely for the benefit of the directors of CIMB Securities (UK) Limited. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants  
7 More London Riverside  
London  
SE1 2RT  
24 April 2017