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Registered number: 02719607

**CGS-CIMB SECURITIES (UK) LIMITED
FORMERLY CIMB SECURITIES (UK) LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

COMPANY INFORMATION

Directors	J Choi C S L Chan (resigned 7 February 2018) R P White W Poh'ee (appointed 7 February 2018) R Ho (appointed 7 February 2018)
Registered number	02719607
Registered office	27 Knightsbridge London SW1X 7YB
Trading Address	27 Knightsbridge London SW1X 7YB
Independent auditors	RSM UK LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB
Bankers	Standard Chartered Bank 37 Gracechurch Street London EC3V 0BX

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

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CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Introduction

The directors present the strategic report and financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of CGS-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 2018 to be satisfactory.

Principal risks and uncertainties

From the perspective of the company, principle 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 CGS-CIMB Securities (UK) Limited.

Revenue generated for the year ending 31 December 2018 was £2,045,856 (2017 - £2,276,799).

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 sales decreased by 10% and gross profit margin decreased from 47% to 35% compared to last year. The directors are satisfied the Company reflected the prevailing market conditions.

Likely future developments

In Q3 2018 the Company received approval from the FCA for a variation of permission. The Company now has FCA permission to arrange and bring about deals in Contracts for Difference (excluding a spread bet, rolling spot forex contracts and binary bets). In November the Company hired 2 people to work in this division.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

This report was approved by the board on 25 April 2019 and signed on its behalf.

R P White

R P White
Director

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report and the financial statements for the year ended 31 December 2018.

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

Results and dividends

The profit for the year, after taxation, amounted to £75,324 (2017 - £84,925).

No ordinary dividends were paid (2017 - £nil). The directors do not recommend payment of a final dividend.

On 6th February 2018 CIMB Securities (UK) Ltd changed their name to CGS-CIMB Securities (UK) Limited.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J Choi
C S L Chan
R P White
W Poh'ee (appointed 7 February 2018)
R Ho (appointed 7 February 2018)

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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, RSM UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

This report was approved by the Board of Directors on 25 April 2019 and signed on its behalf.



R P White
Director

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CGS-CIMB SECURITIES (UK)
LIMITED FORMERLY CIMB SECURITIES (UK) LTD**

Opinion

We have audited the financial statements of CGS-CIMB Securities (UK) Limited Formerly CIMB Securities (UK) Ltd (the 'Company') for the year ended 31 December 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CGS-CIMB SECURITIES (UK)
LIMITED FORMERLY CIMB SECURITIES (UK) LTD (CONTINUED)**

Reporting on other information

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

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

We have nothing to report in this regard.

Companies Act 2006 exception reporting

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CGS-CIMB SECURITIES (UK)
LIMITED FORMERLY CIMB SECURITIES (UK) LTD (CONTINUED)**

Responsibilities for the financial statements and the audit

As explained more fully in the Directors' Responsibilities Statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP

Malcolm Pirouet (Senior Statutory Auditor)

for and on behalf of
RSM UK LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street
London

EC4A 4AB

Date: **25 April 2019**

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	2017 £
Turnover	4	2,045,856	2,276,799
Cost of sales		(1,322,521)	(1,198,945)
Gross profit		723,335	1,077,854
Administrative expenses		(625,706)	(969,458)
Operating profit	5	97,629	108,396
Interest receivable and similar income	9	785	1,643
Profit before tax		98,414	110,039
Tax on profit	10	(23,090)	(25,114)
Profit for the financial year		75,324	84,925

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages 13 to 26 form part of these financial statements.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD
REGISTERED NUMBER: 02719607

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £	2017 £
Current assets			
Debtors: amounts falling due within one year	11	1,280,940	1,414,424
Cash at bank and in hand		1,678,885	1,528,215
		<u>2,959,825</u>	<u>2,942,639</u>
Creditors: amounts falling due within one year	12	(274,466)	(332,606)
Net current assets		<u>2,685,357</u>	<u>2,610,033</u>
Total assets less current liabilities		<u>2,685,357</u>	<u>2,610,033</u>
Net assets		<u>2,685,357</u>	<u>2,610,033</u>
Capital and reserves			
Called up share capital	15	500,000	500,000
Profit and loss account		2,185,357	2,110,033
		<u>2,685,357</u>	<u>2,610,033</u>

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

Rohan White

R P White
Director

The notes on pages 13 to 26 form part of these financial statements.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2017	500,000	2,025,108	2,525,108
Comprehensive income for the year			
Profit for the year	-	84,925	84,925
Total comprehensive income for the year	-	84,925	84,925
Total transactions with owners	-	-	-
At 31 December 2017	500,000	2,110,033	2,610,033
Comprehensive income for the year			
Profit for the year	-	75,324	75,324
Total comprehensive income for the year	-	75,324	75,324
Total transactions with owners	-	-	-
At 31 December 2018	500,000	2,185,357	2,685,357

The notes on pages 13 to 26 form part of these financial statements.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018**

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	75,324	84,925
Adjustments for:		
Depreciation of tangible assets	-	(45,486)
Interest received	(785)	(1,643)
Taxation charge	23,090	25,114
(Increase)/decrease in debtors	(75,102)	42,322
Decrease/(increase) in amounts owed by groups	207,478	(600,888)
(Decrease) in creditors	(55,438)	(117,901)
Increase in amounts owed to groups	217	20,446
Corporation tax (paid)/received	(24,899)	-
Adjustment in prior year taxation charge	-	(5,787)
Net cash generated from operating activities	149,885	(598,898)
Cash flows from investing activities		
Interest received	785	1,643
Net cash from investing activities	785	1,643
Net increase/(decrease) in cash and cash equivalents	150,670	(597,255)
Cash and cash equivalents at beginning of year	1,528,215	2,125,470
Cash and cash equivalents at the end of year	1,678,885	1,528,215
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,678,885	1,528,215

The notes on pages 13 to 26 form part of these financial statements.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. General Information

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company for the year ended 31 December 2018 and presented to the nearest pound.

The Company determined that the Pound Sterling is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

The principal activity of the Company during the period was that of a securities related business.

On the 6th February 2018 the Company formally changed its name from CIMB Securities (UK) LTD to CGS-CIMB Securities (UK) Limited.

The Company is a United Kingdom private limited Company limited by shares. It is both incorporated and domiciled in the United Kingdom. The registered office address is 27 Knightsbridge, London, SW1X 7YB.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 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.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- It is probable that the Company will receive the consideration due under the contract;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Valuation or impairment of tangible 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.

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 the Statement of Comprehensive Income ("SOCl").

Recognised impairment losses are reversed 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) in prior years. A reversal of an impairment loss is recognised immediately in the SOCl.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.7 Financial Instruments

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.9 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.

2.10 Cost of sales

The cost of sales comprise of all staff cost incurred by the Company.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

2. Accounting policies (continued)

2.12 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes 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 acquired for the purpose of repurchasing in the near term. Derivatives, including separately embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.15 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

2. Accounting policies (continued)

2.16 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.17 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

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

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Due to the simplicity of the Company's transaction streams and year-end financial position, the directors consider there to be no critical judgements, estimates or assumptions in the preparation of these financial statements.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

4. Turnover

All turnover relates to the reimbursement of costs incurred and relates to one class of business all generated in the UK. The turnover is charged to group companies who operate outside of the UK as shown in the tables below.

	2018 £	2017 £
Sales	2,045,856	2,276,799

Analysis of turnover by country of destination:

	2018 £	2017 £
Singapore	1,841,270	2,049,119
Hong Kong	204,585	227,680
	<u>2,045,855</u>	<u>2,276,799</u>

5. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Exchange differences	1,035	1,373
Other operating lease rentals	86,481	99,872

6. Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	22,000	27,300
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related assurance services	-	2,700

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
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9. Interest receivable and similar income

	2018 £	2017 £
Interest on bank deposits	<u>785</u>	<u>1,643</u>

10. Taxation on profit

	2018 £	2017 £
Corporation tax		
UK corporation tax on profits for the current period	21,981	24,841
Adjustments in respect of previous periods	-	5,787
Total current tax	<u>21,981</u>	<u>30,628</u>
Deferred tax		
Origination and reversal of timing differences	1,109	(5,514)
Total deferred tax	<u>1,109</u>	<u>(5,514)</u>
Taxation on profit on ordinary activities	<u>23,090</u>	<u>25,114</u>

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

7. Employees

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

	2018 £	2017 £
Wages and salaries	988,559	987,969
Social security costs	129,747	125,176
Other pension costs	204,215	175,748
	<u>1,322,521</u>	<u>1,288,893</u>

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

	2018 No.	2017 No.
Administration	3	3
Sales	7	7
	<u>10</u>	<u>10</u>

8. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	248,914	248,190
Company contributions to defined contribution pension schemes	30,000	30,000

During the year retirement benefits were accruing to no directors (2017 - nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £248,914 (2017 - £248,190).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,000 (2017 - £30,000).

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

10. Taxation on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.25%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	98,414	110,039
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	18,115	22,255
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	4,975	5,084
Permanent capital allowances in excess of depreciation	-	(1,370)
Other permanent differences	-	(855)
Total tax charge for the year	23,090	25,114

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

11. Debtors

	2018 £	2017 £
Trade debtors	2,271	-
Amounts owed by group undertakings	1,075,483	1,282,961
Other debtors	72,659	60,844
Prepayments and accrued income	114,435	53,418
Deferred taxation	16,092	17,201
	<u>1,280,940</u>	<u>1,414,424</u>

12. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	9,322	49,508
Amounts owed to group undertakings	20,663	20,446
Corporation tax	21,923	24,841
Other taxation and social security	100,444	35,060
Other creditors	2,115	1,267
Accruals and deferred income	120,001	201,484
	<u>274,468</u>	<u>332,606</u>

Amounts owed to group undertakings are repayable on demand and non-interest bearing.

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

13. Financial Instruments

	2018 £	2017 £
Financial assets		
Financial assets measured at amortised cost	<u>1,122,697</u>	<u>1,461,231</u>
Financial liabilities		
Other financial liabilities measured at amortised cost	<u>116,298</u>	<u>294,591</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Other financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, accruals and other creditors.

14. Deferred taxation

	2018 £
At beginning of year	17,201
Charged to profit or loss	(1,109)
At end of year	<u><u>16,092</u></u>

The deferred tax asset is made up as follows:

	2018 £	2017 £
Accelerated capital allowances	12,316	13,425
Share based payments	3,776	3,776
	<u><u>16,092</u></u>	<u><u>17,201</u></u>

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

15. Called up share capital

	2018 £	2017 £
Allotted, called up and fully paid		
500,000 (2017 - 500,000) Ordinary shares of £1.00 each	<u>500,000</u>	<u>500,000</u>

16. Pension commitments

The charge to the statement of comprehensive income in respect of the defined contribution pension scheme was £204,215 (2017: £175,748). At the year end there was £2,115 (2017: £nil) pension contributions payable.

17. Commitments under operating leases

At 31 December 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2018 £	2017 £
Not later than 1 year	89,000	89,000
Later than 1 year and not later than 5 years	111,250	200,250
	<u>200,250</u>	<u>289,250</u>

18. Related party transactions

Remuneration of key management personnel

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

	2018 £	2017 £
Aggregate compensation	256,445	249,567
	<u>256,445</u>	<u>249,567</u>

CGS-CIMB SECURITIES (UK) LIMITED FORMERLY CIMB SECURITIES (UK) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 CGS-CIMB Securities (Singapore) 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 CGS-CIMB Securities (Singapore) 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.

20. Country-by-Country report

The directors present the Country-by-Country report of CGS-CIMB Securities (UK) Limited ('the Company') for the year ended 31 December 2018.

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 2018 and plans to continue to do so in the future. The principal activity of the Company remains that of securities relates 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 £2,046k in 2018 (2017: £2,277k), profit before tax of £98k (2017: £110k) corporation tax paid of £25k (2017: £nil). The Company's average number of full time equivalents was 10 in 2018 (10 in 2017). The amount of public subsidies received was £nil (2017: £nil).

**APPENDIX 1
(UNAUDITED)**

CGS-CIMB Securities (UK)Limited

Pillar 3 Disclosures

Year ended 31 December 2018

CGS-CIMB Securities (UK) Limited

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CGS-CIMB Securities (UK) Limited

1. Executive summary

1.1 Background

The European Union Capital Requirements Directive came into effect on 1 January 2007. It introduced consistent capital adequacy standards and an associated supervisory framework in the EU based on the Basel Capital Accord ("Basel II") rules. Implementation of the Directive in the UK was by way of rules introduced by the Financial Services authority, the predecessor body of the Financial Conduct Authority ("the FCA"). Among them are disclosure requirements applicable to banks, building societies and investment firms, which are known as Pillar 3. These are designed to promote market discipline by providing market participants with key information on a firm's risk exposures and risk management processes. Pillar 3 also aims to complement the minimum capital requirements described under Pillar 1 of Basel II, as well as the supervisory review processes of Pillar 2.

1.2 Verification

Disclosures will only be subject to external verification to the extent they are equivalent to those made under accounting requirements. These disclosures explain how the Board have calculated certain capital requirements and information about risk management generally. They do not constitute financial statements and should not be relied upon in making judgements about CGS-CIMB Securities (UK) Limited ("CIMB (UK)").

1.3 Frequency

Disclosures will be made on an annual basis.

1.4 Media and location

The report will be published as an attachment to the Company's audited accounts.

1.5 Scope

CGS-CIMB (UK) is categorized by the FCA as an IFPRU CRD IV firm effective from 1 January 2014.

2. Group Risk Management Framework

Due to the size, nature, scale and complexity of the Firm, there is no independent risk management function. The Directors of the Firm determine the business strategy and risk appetite along with the risk management policies and procedures. An identification of risk to the Firm is considered & any resultant exposure assessed after critique by management for any mitigation of these risks. Furthermore the Firm then conducts a series of stress tests and scenario analyses on these risks to determine the effect they would have on the firm.

If necessary the Firm would allocate extra capital to the relevant risk, as per the Pillar 2 requirement: this has not been deemed necessary. This process is conducted at Directors meetings which are held on a frequent basis but not less than a quarterly basis and the relevant policies and procedures are updated where necessary.

The Directors have made a risk assessment (on: - Credit, Market, Operational, Liquidity, Insurance, Concentration, Residual, Securitisation, Business, Interest Rate, Pension Obligation and Other Risks) and the main area of risk are identified under ICAAP.

CGS-CIMB Securities (UK) Limited

The Firm has concluded that its Tier 1 capital is sufficient to cover its Pillar 1 and Pillar 2 requirements.

Risk Assessment

Credit Risk – CGS-CIMB (UK) has agreed with CGS-CIMB PTE Ltd., whereby CGS-CIMB (UK) provides certain services to CGS-CIMB PTE Ltd., who has agreed to cover its costs in full. It is therefore in a very strong position to control its credit risk. The risk that CGS-CIMB PTE Ltd., would not pay fees due to CGS-CIMB (UK) is considered minimal and unlikely to happen.

Market Risk – CGS-CIMB (UK) does not trade on its own account and therefore does not run market risk.

Operational Risk – CGS-CIMB (UK) faces a variety of risks in its day to day operations.

One of the key risks that CGS-CIMB (UK) faces is its dependence on its computer systems and communications with the outside world, however, the BCP/DRP reduces this risk as all IT functions are backed up in house as well as HO in Singapore. We also have mobiles and the Bloomberg Anywhere facility which enables our sales trader to continue to operate anywhere should there be a problem with its existing site.

CGS-CIMB (UK) has put in place a control structure aimed at ensuring that the possibility of errors is minimized. This ranges from controls over transaction entry and execution and over transaction processing. Wherever possible, trading is automated and follows up reconciliation work conducted daily.

To date, CGS-CIMB (UK) has not experienced any losses of an operational nature.

In order to mitigate against any claims which might be made against CGS-CIMB (UK) and/or its directors, CGS-CIMB (UK) is under the CGS-CIMB Group Directors & Officers Insurance policy.

The occurrence of a serious loss would more than anything damage CGS-CIMB (UK)'s reputation. The impact of this could manifest itself either as a period of reduced income or, in the worst case, the decision to close down the business.

Liquidity Risk – CGS-CIMB (UK)'s assets are largely held in the form of cash deposits with maturity no greater than a month; it is considered extremely unlikely that the bank holding such deposits will default on repayment.

Insurance Risk – CGS-CIMB (UK) is not involved in writing insurance business.

Concentration Risk – CGS-CIMB (UK) acts as an arranger and adviser, receiving and transmitting orders to institutional clients. It clearly depends on the success of each of these institutional clients to be able to continue in business.

Residual Risk – this does not apply to CGS-CIMB (UK).

Securitisation Risk – CGS-CIMB (UK) does not securitize any assets.

Business Risk – CGS-CIMB (UK)'s business success depends on it being able to deliver satisfactory service to its clients thereby generating the service fee income on which it depends. Those returns are in part a reflection of model development which has already taken place but will in all probability need to be supplemented by future development. This will require ongoing investment in staff development, computer equipment, data and premises, all of which are likely to place increasing pressure on cost levels. In a wider sense, CGS-CIMB (UK) depends on continuing investor appetite for its absolute return approach in the Far East and on the rates at which fees

CGS-CIMB Securities (UK) Limited

are charged in the market. It is also dependent on its various service providers, notably its relationship with its H/O which provides execution and research to its clients.

There are clearly a variety of risks which may over time pose a threat to the continuing success of CGS-CIMB (UK). In terms of capital, therefore, CGS-CIMB (UK) needs a buffer to withstand periods where there is a downturn in income generation or where it needs to make further investment in people or equipment.

Interest Rate Risk – CGS-CIMB (UK) does generate income from its cash deposits but this is considered insignificant relative to the income generated from fees and to the level of the expense base.

Pension Obligation Risk – CGS-CIMB (UK) does not have any pension obligations apart from making monthly contributions on behalf of its employees.

Other Risks – CGS-CIMB (UK) has several senior key staff. Clearly, losing any one individual for whatever reason would have an impact on the business. Similarly, the business depends on their continued willingness to work together.

3. Capital adequacy and ICAAP

The objective of maintaining adequate capital is to protect investors and ensure corporate stability amid a rapidly changing market environment. CGS-CIMB (UK) uses a capital adequacy ratio to indicate its capital adequacy. The ratio is derived by calculating market, credit, operational and other risks in a company's current asset position with net operating capital to gauge the company's ability of weathering the total risk it faces.

$$\text{Net Operating Capital Adequacy Ratio} = \text{Total Risk Requirements} / \text{Regulatory Capital}$$

The total risk is the maximum estimated loss that a company faces in the course of its operations. It is the sum of market risk, counterparty risk, operational risk and credit concentration risk. Please refer to above risk assessment.

The ICAAP (Internal Capital Adequacy Assessment Process) is a key element of CGS-CIMB (UK)'s implementation of the EU Capital Requirements Directive (CRD). It is the means by which the Board is able to determine CGS-CIMB (UK)'s required level of capital, consistent with its risk appetite and business plans.

The ICAAP will be reviewed and updated annually, unless there are any changes in the control environment or other events that warrant a more immediate update. When performing the annual update the Board will review the stated risk appetite and compare it against actual performance. It will also request the recalculation of the stress tests if they no longer viewed as appropriate for the business considering developments to the business or the environment in which it operates.

CGS-CIMB Securities (UK) Limited

4. Capital resources

As at 31 December 2018 (after audit)		£'000
Tier 1 Capital Resources		
Permanent share capital		500
Profit and loss account and other reserves		2,110
		2,610
Tier 2 Capital Resources		-
Total Capital Resources		2,610

CGS-CIMB (UK) had £2,610,033 of regulatory capital after deductions as at 31 December 2018 compared with an ICAAP capital requirement of £560,831 resulting in a solvency ratio of 465.39%

5. Capital requirements

Operational Risk & Other Capital Requirements as at 31 December 2018

A Fixed Overhead Requirement (FOR) of £560,831 has been computed, being the highest of the three areas considered when assessing Capital Requirements, as detailed below:

- 1) Base Requirement: Euro 50K
- 2) Credit & Liquidity Risk: Minimal (see sections above)
- 3) FOR: 25% Fixed Overheads i.e. after adjustment for non-fixed costs

CGS-CIMB Securities (UK) Limited

6. Remuneration Policy

All remuneration-related policies and remuneration payouts, including bonus plans, share plans, incentive plans and individual remuneration packages are reviewed and approved by the Group Compensation Review Committee (GCRC) in conjunction with the Board of Directors. GCRC is an independent committee established by CGS-CIMB Group the remuneration committee work within the framework of the CGS-CIMB Group Remuneration Policy Statement. The Managing Director of CGS-CIMB Securities (UK) Limited and The Rewards & Performance Director of Group Human Resources for CGS-CIMB Group deal with the remuneration code for CGS-CIMB Securities (UK) Limited. Independent advice on remuneration and other employment issues are sought when required.

No individual is involved in the decisions relating to his or her own remuneration.

The remuneration committee takes full account of the company's strategic objectives in setting remuneration policy and is mindful of its duties to shareholders and other stakeholders. The Committee seeks to preserve shareholder value by ensuring the successful retention, recruitment and motivation of employees.

During 2018 no employee has been identified as meeting the FCA's criteria for Code Staff.

Remuneration is made up of fixed salary and benefits and performance-related pay. Performance related pay is not guaranteed reflecting the individual performance and entity results. Some discretion may also be applied to ensure that other factors, which may not be directly measurable, are considered. Bonuses are payable: Fully in cash or a mix of cash and shares (through participation in the Group's Equity Ownership Plan) where the proportion in shares ranges from 10% to 50%. The cash portion of the bonus payout is also subject to deferral where up to 50% of the cash may be deferred for up to 6 to 9 months

No code staff were categorised as Senior Management.

Fixed remuneration consists of base salary and benefits; variable remuneration consists of the discretionary bonus payable: