

CGS-CIMB Securities (UK) Limited

Annual Report and Financial Statements

Year Ended

31 December 2019

Company Number 02719607

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CGS-CIMB Securities (UK) Limited

Company Information

Directors	J Choi R P White W Poh'ee R Ho
Registered number	02719607
Registered office	27 Knightsbridge London SW1X 7LY
Trading Address	27 Knightsbridge London SW1X 7LY
Independent auditors	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB
Bankers	Standard Chartered Bank 37 Gracechurch Street London EC3V 0BX

CGS-CIMB Securities (UK) Limited

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CGS-CIMB Securities (UK) Limited

Strategic Report For the Year Ended 31 December 2019

Introduction

The directors present the strategic report and financial statements for the year ended 31 December 2019.

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 2019 to be satisfactory.

Principal risks and uncertainties

From the perspective of the company, principle risks and uncertainties are integrated with the principal risks of the immediate parent CGS-CIMB Securities International Pte. Ltd 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 2019 was £2,966,138 (2018 - £2,045,856).

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 increased by 44% and gross profit margin decreased from 35% to 33% compared to last year. The directors are satisfied the Company reflected the prevailing market conditions.

Likely future developments

There are no likely future developments to disclose other than those contained within the Directors report on page 3.

CGS-CIMB Securities (UK) Limited

Strategic Report (continued)
For the Year Ended 31 December 2019

Section 172(1) Statement

This statement is made pursuant to section 414CZA of the Companies Act 2006 (the Act) and describes how the directors have had regard to the matters set out in section 172(1)(a) – (f) of the Act in performing their duty to promote the success of the Company.

The Company is regulated by the Financial Conduct Authority and is subject to rules related to its governance and system and controls. The Company believes that governance of the company is best achieved by delegation of its authority for the executive management of the Company to the Board, which is made up of Mr Rohan White, Mr John Choi, Ms Po'Hee Wong and Ms Rachel Ho of the Company in accordance with its regulatory requirements.

The Board has regard to a number of factors and stakeholders as it seeks to promote the success of the Company and these are discussed below.

Shareholder and customer stakeholder

Our key stakeholder is our parent company, CGS-CIMB Securities International Pte Ltd ("Parent"). The Company's interaction and relationship with the with the parent is therefore key to promoting the success of the Company. There is an agreement in place between the entities which governs the inter-Company services provided between the Company and the Parent and which governs their relationship. Additionally, the Board is in regular communication with the Parent, by way of formal and informal meetings and discussions with a view to focussing on the long-term strategic direction that best suits the Company and the Parent.

Employee stakeholders

Employees are also a key stakeholder of the Company. They are essential to delivering our strategy and creating value and to help the Company succeed. The Company strives to attract, develop and retain high quality employees who have the right skills to become future leaders in the business. We are committed to developing this exceptional pool of talent in an environment which is meritocratic, open and collaborative. The Company has a fair and competitive pay and remuneration structure to attract and retain talent. As part of the company's engagement with employees, the members of the Senior Management meet appropriately with employees to receive direct feedback, discuss issues affecting employees and to understand what changes could be made for their benefit.

Other stakeholders

The Company is committed to fostering good business relationships with its suppliers. We believe the best way to do this is by being a prompt payer. We endeavour to pay our suppliers within the standard credit terms offered.

Regulation

The Board is required to monitor that the business is operated in accordance with regulatory standards and principles, which includes promoting a positive culture and ensuring the fair treatment of its customers.

This report was approved by the board on **2 June 2020** and signed on its behalf.


R P White
Director

CGS-CIMB Securities (UK) Limited

Directors' Report (continued)
For the Year Ended 31 December 2019

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

This report was approved by the board on *2 June 2020* and signed on its behalf.



R P White
Director

CGS-CIMB Securities (UK) Limited

Directors' Report For the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

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
- Stakeholder information

Results and dividends

The profit for the year, after taxation, amounted to £101,093 (2018 - £75,324).

No ordinary dividends were paid (2018 - £nil). The directors do not recommend payment of a final dividend.

Directors

The directors who served during the year were:

J Choi
R P White
W Poh'ee
R Ho

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.

Future developments

There are current uncertainties in the economy related to the COVID-19 outbreak that emerged since early 2020, which has led to increased market volatility. The Directors have completed an assessment of the potential impact of COVID-19 on the operations and financials of the wider CGS-CIMB group and UK entity and continue to monitor the situation as it evolves. The Directors' continue to monitor the situation, but no concerns have arisen on the operations of the business since the UK entered a lockdown state, with staff all working remotely away from the office.

The Company operates as a UK service centre for the wider group and revenue is generated by way of a reimbursement of costs by the wider CGS group. The risk to the Company is that the wider group is unable to continue to meet the obligations to reimburse the costs. The group is well positioned financially with performance for the first quarter of 2020 benefitting from the market volatility resulting in significant increases in revenue and profitability.

Further details of the Directors' assessment of the ability of the Company to continue as a going concern for at least twelve months from the approval of the financial statements have been included within the going concern accounting policy on page 13.

CGS-CIMB Securities (UK) Limited

Directors' Report (continued)
For the Year Ended 31 December 2019

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

This report was approved by the board on *2 June 2020* and signed on its behalf.



R P White
Director

CGS-CIMB Securities (UK) Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2019

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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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

Independent Auditors' Report to the Members of CGS-CIMB Securities (UK) Limited

Opinion

We have audited the financial statements of CGS-CIMB Securities (UK) Limited (the 'Company') for the year ended 31 December 2019, 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 2019 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

Independent Auditors' Report to the Members of CGS-CIMB Securities (UK) Limited (continued)

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.

Opinion 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.

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.

Responsibilities of directors

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.

CGS-CIMB Securities (UK) Limited

Independent Auditors' Report to the Members of CGS-CIMB Securities (UK) Limited (continued)

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 Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street
London
EC4A 4AB

CGS-CIMB Securities (UK) Limited

Statement of Comprehensive Income For the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	4	2,966,138	2,045,856
Cost of sales		(1,986,356)	(1,322,521)
Gross profit		979,782	723,335
Administrative expenses		(838,537)	(625,706)
Operating profit	5	141,245	97,629
Interest receivable and similar income	9	3,946	785
Profit before tax		145,191	98,414
Tax on profit	10	(44,098)	(23,090)
Profit for the financial year		101,093	75,324

There was no other comprehensive income for 2019 (2018:£nil).

The notes on pages 13 to 25 form part of these financial statements.

CGS-CIMB Securities (UK) Limited
Registered number:02719607

Statement of Financial Position
As at 31 December 2019

	Note	2019 £	2018 £
Current assets			
Debtors: amounts falling due within one year	11	1,865,156	1,280,940
Cash at bank and in hand		1,190,699	1,678,885
		<u>3,055,855</u>	<u>2,959,825</u>
Creditors: amounts falling due within one year	12	(269,405)	(274,468)
Net current assets		<u>2,786,450</u>	<u>2,685,357</u>
Total assets less current liabilities		<u>2,786,450</u>	<u>2,685,357</u>
Net assets		<u><u>2,786,450</u></u>	<u><u>2,685,357</u></u>
Capital and reserves			
Called up share capital	15	500,000	500,000
Profit and loss account		2,286,450	2,185,357
		<u>2,786,450</u>	<u>2,685,357</u>

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

2 June 2020

Robert White
R P White
Director

The notes on pages 13 to 25 form part of these financial statements.

CGS-CIMB Securities (UK) Limited

Statement of Changes in Equity For the Year Ended 31 December 2019

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	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
At 31 December 2018	500,000	2,185,357	2,685,357
Comprehensive income for the year			
Profit for the year	-	101,093	101,093
Total comprehensive income for the year	-	101,093	101,093
At 31 December 2019	500,000	2,286,450	2,786,450

The notes on pages 13 to 25 form part of these financial statements.

CGS-CIMB Securities (UK) Limited

Statement of Cash Flows For the Year Ended 31 December 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	101,093	75,324
Adjustments for:		
Interest received	(3,946)	(785)
Taxation charge	44,098	23,090
Decrease/(increase) in debtors	16,564	(75,102)
(Increase)/decrease in amounts owed by groups	(612,839)	207,478
(Decrease) in creditors	(13,503)	(55,438)
(Decrease)/increase in amounts owed to groups	(219)	217
Corporation tax (paid)	(23,380)	(24,899)
Net cash generated from operating activities	(492,132)	149,885
Cash flows from investing activities		
Interest received	3,946	785
Net cash from investing activities	3,946	785
Net (decrease)/increase in cash and cash equivalents	(488,186)	150,670
Cash and cash equivalents at beginning of year	1,678,885	1,528,215
Cash and cash equivalents at the end of year	1,190,699	1,678,885
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,190,699	1,678,885

The notes on pages 13 to 25 form part of these financial statements.

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

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 2019 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.

The Company is a private limited Company limited by shares. It is both incorporated and domiciled in England and Wales. 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 judgement 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.

In coming to this conclusion, the Directors' have considered the current COVID-19 pandemic and the Company and wider Group's place in the market and its ability to continue to reimburse the Company for costs incurred. Further details of the assessment are included in the Directors' report on page 3 and the post balance sheet note 19 on page 25.

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

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 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a straight line basis.

Depreciation is provided on the following basis:

Fixtures and fittings	- 3 years
Office equipment	- 3 years
Other fixed assets	- 3 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.5 Debtors

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

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

Notes to the Financial Statements For the Year Ended 31 December 2019

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.

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.

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.

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.

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

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.

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.

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

2. Accounting policies (continued)

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. Judgements 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

Notes to the Financial Statements For the Year Ended 31 December 2019

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.

	2019 £	2018 £
Sales	<u>2,966,138</u>	<u>2,045,856</u>

Analysis of turnover by country of destination:

	2019 £	2018 £
Singapore	2,671,063	1,841,270
Hong Kong	295,075	204,585
	<u>2,966,138</u>	<u>2,045,855</u>

5. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Exchange differences	(74)	1,035
Other operating lease rentals	86,370	86,481
	<u>86,296</u>	<u>87,516</u>

6. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>22,000</u>	<u>22,000</u>

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7. Employees

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

	2019 £	2018 £
Wages and salaries	1,560,538	988,559
Social security costs	206,089	129,747
Other pension costs	219,729	204,215
	<u>1,986,356</u>	<u>1,322,521</u>

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

	2019 No.	2018 No.
Administration	3	3
Sales	10	7
	<u>13</u>	<u>10</u>

8. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	214,542	218,914
Directors' pension costs	30,000	30,000
	<u>244,542</u>	<u>248,914</u>

During the year retirement benefits were accruing to no directors (2018 - nil) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £244,542 (2018 - £248,914).

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 (2018 - £30,000).

9. Interest receivable and similar income

	2019 £	2018 £
Interest on bank deposits	<u>3,946</u>	<u>785</u>

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

10. Taxation on profit

	2019 £	2018 £
Corporation tax		
UK corporation tax on profits for the current period	32,038	21,981
Total current tax	<u>32,038</u>	<u>21,981</u>
Deferred tax		
Origination and reversal of timing differences	12,060	1,109
Total deferred tax	<u>12,060</u>	<u>1,109</u>
Taxation on profit on ordinary activities	<u>44,098</u>	<u>23,090</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>145,191</u>	<u>98,414</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	27,586	18,115
Effects of:		
Tax effect of expenses that are not deductible in determining taxable profit	3,951	4,975
Total net tax adjustments and transfers	(100)	-
Prior year adjustment	12,661	-
Total tax charge for the year	<u>44,098</u>	<u>23,090</u>

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

11. Debtors

	2019 £	2018 £
Trade debtors	1,647	2,271
Amounts owed by group undertakings	1,688,322	1,075,483
Other debtors	62,599	72,659
Prepayments and accrued income	108,556	114,435
Deferred taxation	4,032	16,092
	<u>1,865,156</u>	<u>1,280,940</u>

12. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	50,000	9,322
Amounts owed to group undertakings	20,445	20,663
Corporation tax	30,581	21,923
Other taxation and social security	96,913	100,444
Other creditors	-	2,115
Accruals and deferred income	71,466	120,001
	<u>269,405</u>	<u>274,468</u>

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

13. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets measured at amortised cost	<u>1,792,249</u>	<u>1,122,697</u>
Financial liabilities		
Other financial liabilities measured at amortised cost	<u>105,446</u>	<u>116,298</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.

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

14. Deferred taxation

	2019 £
At beginning of year	16,092
Charged to profit or loss	(12,060)
At end of year	4,032

The deferred tax asset is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	3,708	12,316
Other timing differences	324	3,776
	<u>4,032</u>	<u>16,092</u>

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

15. Called up share capital

	2019 £	2018 £
Allotted, called up and fully paid		
500,000 (2018 - 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 £219,729 (2018: £204,215). At the year end there was £1,905 (2018: £2,115) pension contributions payable.

17. Commitments under operating leases

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	89,000	89,000
Later than 1 year and not later than 5 years	22,250	111,250
	<u>111,250</u>	<u>200,250</u>

18. Related party transactions

Remuneration of key management personnel

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

	2019 £	2018 £
Aggregate compensation	244,542	256,445
	<u>244,542</u>	<u>256,445</u>

CGS-CIMB Securities (UK) Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

19. Post balance sheet events

There are current uncertainties in the economy related to the COVID-19 outbreak that emerged since early 2020, which has led to increased market volatility. The period over which such volatility will persist, as well as any longer-term adverse effect on world economies and markets, is difficult to predict as the situation is still evolving. The potential risks impacting the Company have been disclosed further in the Directors' report on page 3 as well as including an assessment of going concern for at least twelve months from the date of approval of the financial statements within the going concern policy on page 13.

20. 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 International Pte. Ltd. a company registered in Singapore. The Company's ultimate parent undertaking, 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 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.

21. 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 2019.

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 2019 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 £2,966k in 2019 (2018: £2,046k), profit before tax of £145k (2018: £98k) corporation tax paid of £44k (2018: £25k). The Company's average number of full time equivalents was 10 in 2019 (10 in 2018). The amount of public subsidies received was £nil (2018: £nil).