

CHASE SECURITIES INTERNATIONAL LIMITED
(Registered Number: 02534143)

Annual report for the year ended 31 December 2018



CHASE SECURITIES INTERNATIONAL LIMITED
Annual report for the year ended 31 December 2018

Contents	Pages
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor report	5 - 6
Income statement	7
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 17

CHASE SECURITIES INTERNATIONAL LIMITED

Strategic report

The directors present their strategic report of Chase Securities International Limited (the "Company") for the year ended 31 December 2018.

Overview

The Company is incorporated and domiciled in England and Wales. It is an indirect subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"). JPMorgan Chase is a financial holding Company incorporated under Delaware law in 1968, it is a leading global financial services firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide. The Company had \$2,996,669 in assets and \$1,065,493 in total shareholders' equity as of 31 December 2018.

Principal activities

The Company's principal business is management of liquid assets.

Review of business

The directors are satisfied with the performance of the Company for the year.

Income Statement:

The results for the year are set out on page 7. The loss for the financial year of \$47,427 (2017: \$66,619) is mainly due to non-equity preference share dividends, which is in line with the nature of the Company's activities.

Balance sheet:

The balance sheet is set out on page 8. The Company has total assets and total liabilities of \$2,996,669 (2017: \$2,951,647) and \$1,931,176 (2017: \$1,838,727) respectively as at 31 December 2018.

During the year it was identified that whilst it was appropriate historically to accrue dividends in relation to the Company's Preference shares, it was not appropriate to make payment of these accrued dividends when the Company did not have distributable profits. Accordingly, the accounts have been restated to recognise the amounts paid in previous years to Preference shareholders as a receivable from those Preference shareholders, and to recognise a dividend accrual, reflecting the obligation to declare and pay such accrued dividends when the Company has sufficient distributable profits to do so. There is no impact on the net assets of the entity because of this restatement. See note 17.

Future Outlook

In 2016, the United Kingdom ("UK") voted to withdraw from the European Union ("EU"), and in March 2017, the UK invoked Article 50 of the Lisbon Treaty, which commenced withdrawal negotiations with the EU. As a result, and after two extensions of the negotiation timeline, the UK is currently scheduled to depart from the EU on 31 October, 2019. Negotiations regarding the terms of the UK's withdrawal continue between the UK and the EU, although the situation remains highly uncertain.

It remains highly uncertain how the expected departure of the UK from the EU, which is commonly referred to as "Brexit", will affect financial services firms such as JPMorgan Chase that conduct substantial operations in the EU from legal entities that are organised in or operating from the UK. It is also possible that any agreement reached between the UK and the EU may, depending on the final outcome of the ongoing negotiations and related legislative developments:

- impede the ability of UK-based financial services firms to conduct business in the EU;
- fail to address significant unresolved issues relating to the cross-border conduct of financial services activities, or
- apply only temporarily.

A disorderly departure of the UK from the EU, or the unexpected consequences of any departure, could have significant and immediate destabilising effects on cross-border financial services activities, depending on circumstances that may exist following such a withdrawal.

The Firm has a long-standing presence in the UK, which currently serves as the regional headquarters of the Firm's operations in over 30 countries across Europe, the Middle East, and Africa ("EMEA"). The Firm established a Firmwide Brexit Implementation programme in 2017. The programme covers strategic implementation across all impacted businesses and functions. The programme's objective is to deliver the Firm's capabilities on "day one" of the UK's withdrawal across all impacted legal entities. The programme includes an ongoing assessment of implementation risks including political, legal and regulatory risks and plans for addressing and mitigating those risks. The Firm is also monitoring the expected macroeconomic developments associated with a no-deal scenario and has undertaken stress testing covering credit and market risk to assess potential impacts. Significant uncertainty remains around the UK's expected departure from the EU, including the possibility that the UK departs without any agreement being reached on how UK financial services firms will conduct business within the EU (i.e., "a no-deal scenario").

CHASE SECURITIES INTERNATIONAL LIMITED

Strategic report (continued)

Future Outlook (continued)

The impact of Brexit on the Company's business model and risks will continue to be assessed as part of the Firmwide strategy in considering a strategic post-Brexit legal entity structure.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Firm and are not managed separately. The directors do not consider that the Company is exposed to significant financial risks.

The financial statements on pages 7 - 17 were approved by the Board of Directors and signed on its behalf by:



Director

Name: David Lehane

Date: 23 September 2019

CHASE SECURITIES INTERNATIONAL LIMITED

Directors' report

The directors presents their report and the audited financial statements for Chase Securities International Limited (the "Company") for the year ended 31 December 2018. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm"). The Company's registration number is 02534143.

Refer to the Strategic Report for future outlook disclosure.

Results and dividends

The results for the year are set out on page 7 and show the Company's loss for the financial year is \$47,427 (2017: \$66,619).

No equity dividends were paid or proposed during the year (2017: \$nil).

Post Balance sheet event

On 24 May 2019 the Company reduced its issued share capital by cancelling and extinguishing:

- 600,766 cumulative non-redeemable B Preference shares of US\$ 1 each;
- 789,162 non-redeemable Preference shares of US\$ 1 each;
- 2 Ordinary shares of GBP 1 each; and
- 1,514,138 Ordinary shares of US\$ 1 each

Pursuant to the cancellation of the Preference shares, payment equal to paid up capital were made to the preference shareholders. Out of the distributable profits created by the cancellation of the Ordinary shares, all arrears and accruals of the unpaid dividends payable to the Preference shareholders were declared and the amounts receivable from the Preference shareholders in relation to historical dividend payments were waived.

Directors

The directors of the Company who served during the year and up to the date of signing the financial statements were as follows:

R.A. Debate

D. Lehane

J. Hobson

(Resigned on 29 March 2019)

Directors' interest

None of the directors has any beneficial interest in the Company. The Company is a subsidiary of a Company incorporated in England and Wales. The ultimate holding Company is a body corporate incorporated outside England and Wales. The directors are not required to notify the Company of any interests in shares of that or any other body incorporated outside England and Wales.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). 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 the year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

CHASE SECURITIES INTERNATIONAL LIMITED

Directors' report (continued)

Statement of directors' responsibilities (continued)

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

Disclosure of information to auditor

Each person who is a director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Qualifying third party indemnity provision

An indemnity is provided to the directors of the Company under the By-laws of JPMorgan Chase & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co is available from the registered office address of the Company.

Company secretary

The secretary of the Company who served during the year was as follows:

J.P. Morgan Secretaries (UK) Limited

Registered address

25 Bank Street
Canary Wharf
London
E14 5JP
England

Independent auditor

The independent auditors, PricewaterhouseCoopers LLP have expressed their willingness to continue in office.

The financial statements on pages 7 - 17 were approved by the Board of Directors and signed on its behalf by:



Director

Name: David Lehane

Date: 23 September 2019

Independent auditor report to the members of Chase Securities International Limited

Report on the audit of the financial statements

Opinion

In our opinion, Chase Securities International Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report for the year ended 31 December 2018 (the "Annual Report"), which comprise: balance sheet as at 31 December 2018; the income statement, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- 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.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditor report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditor report to the members of Chase Securities International Limited (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor report

Use of this report

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

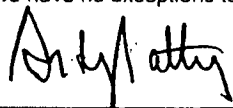
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Andrew Batty (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London 23 September 2019

CHASE SECURITIES INTERNATIONAL LIMITED
Income statement

Year ended 31 December		2018	2017
	Notes	\$	\$
Other income/(expense)	6	628	(169)
Operating profit/(loss)		628	(169)
Interest and similar income	8	45,019	22,419
Interest expense and similar charges	9	(84,554)	(84,554)
Loss on ordinary activities before taxation	10	(38,907)	(62,304)
Tax on loss on ordinary activities	11	(8,520)	(4,315)
Loss for the financial year		(47,427)	(66,619)

Statement of comprehensive income

There were no other items of comprehensive income or expense other than the loss for the financial year shown above (2017: \$nil). As a result, loss for the financial year represents total comprehensive expense in both the current and prior financial years.

The notes on pages 10 - 17 form an integral part of these financial statements.

CHASE SECURITIES INTERNATIONAL LIMITED
Balance sheet

31 December		2018	2017
	Notes	\$	\$
Current assets			
Cash and cash equivalents	12	2,489,113	2,528,645
Trade and other receivables	13	507,556	423,002
		2,996,669	2,951,647
Current liabilities			
Creditors: amounts falling due within one year	14	(1,931,176)	(448,799)
		(1,931,176)	(448,799)
Net current assets		1,065,493	2,502,848
Total assets less current liabilities		1,065,493	2,502,848
Non current liabilities			
Creditors: amounts falling due after more than one year	15	—	(1,389,928)
Net assets		1,065,493	1,112,920
Equity			
Called-up share capital	16	1,514,142	1,514,142
Accumulated losses		(448,649)	(401,222)
Total equity		1,065,493	1,112,920

The financial statements on pages 7 - 17 were approved by the Board of Directors on 23 September 2019 and signed on its behalf by:



Director

Name: David Lehane

Date: 23 September 2019

The notes on pages 10 - 17 form an integral part of these financial statements.

CHASE SECURITIES INTERNATIONAL LIMITED
Statement of changes in equity

	Called up share capital	Accumulated losses	Total equity
	\$	\$	\$
Balance as at 1 January 2017	1,514,142	(334,603)	1,179,539
Loss for the financial year	—	(66,619)	(66,619)
Balance as at 31 December 2017	1,514,142	(401,222)	1,112,920
Loss for the financial year	—	(47,427)	(47,427)
Balance as at 31 December 2018	1,514,142	(448,649)	1,065,493

The notes on pages 10 - 17 form an integral part of these financial statements.

CHASE SECURITIES INTERNATIONAL LIMITED

Notes to the financial statements

1. General information

The Company is incorporated and domiciled in England and Wales. The Company is a wholly-owned indirect subsidiary of JPMorgan Chase Bank N.A., which is one of the principal subsidiaries of JPMorgan Chase & Co. (the "Firm" or "JPMorgan Chase"). The Company's immediate parent undertaking is J.P. Morgan Europe Limited, incorporated in England and Wales. The parent undertaking of the smallest group in which the Company's results are consolidated is J.P. Morgan Capital Holdings Limited which is incorporated and domiciled in England & Wales. The Company's ultimate parent undertaking and controlling party is JPMorgan Chase & Co., which is incorporated in the state of Delaware in the United States of America. JPMorgan Chase & Co. is also the parent undertaking of the largest group in which the results of the Company are consolidated. The largest and smallest parent groups' consolidated financial statements can be obtained from the Company's registered office, at 25 Bank Street, Canary Wharf, London, E14 5JP, England & Wales.

2. Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") with reduced disclosures.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006. Reclassification of and adjustments to prior year amounts have been made to conform with current year presentations and to provide additional transparency and information on the nature of the balances in these financial statements (See note 17).

The following exemptions from the requirements of IFRS as adopted by the EU have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Comparative information disclosures (paragraph 38 of IAS 1 'Presentation of financial statements' ("IAS 1") for reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
- Statement of compliance with IFRSs - Paragraph 16, IAS 1;
- Cash flow statement and related notes IAS 7 'Cash flow statements';
- Third balance sheet on retrospective accounting policy changes, restatements, or reclassifications (paragraph 40A-D, IAS 1);
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8 'Accounting policies, changes in accounting estimates and errors');
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24"));
- Related party transactions with wholly owned Firm undertakings (paragraph 18 and 19, IAS 24);
- Disclosure requirements of IFRS 7 'Financial Instruments: Disclosures'.

3. Critical accounting estimates and judgements

The preparation of financial statements generally requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. Due to the nature of Company's business and balances, no significant accounting estimates or judgements were required in preparation of these financial statements.

4. Accounting and reporting developments

Standards adopted during the year ended 31 December 2018

Adoption of IFRS 9

Effective 1 January 2018, the Company adopted IFRS 9 'Financial instruments', which superseded IAS 39 'Financial Instruments Recognition and Measurement'. The adoption of IFRS 9 impacts the classification and measurement of financial assets including the impairment of financial assets and the presentation of gains and losses related to certain financial liabilities designated at fair value through profit or loss. Refer to note 5 for more information about the changes to the Company's accounting policies.

The adoption of IFRS 9 has resulted in no material impact to the Company.

5. Significant accounting policies

The following are the significant accounting policies applied in the preparation of these financial statements. These policies have been applied consistently in each of the years presented, unless otherwise stated.

CHASE SECURITIES INTERNATIONAL LIMITED

Notes to the financial statements (continued)

5. Significant accounting policies (continued)

5.1 Foreign currency translation

Monetary assets and monetary liabilities in foreign currencies are translated into United States ("U.S.") dollars at rates of exchange ruling on the balance sheet date. Income and expense items denominated in foreign currencies are translated into U.S. dollars at exchange rates prevailing at the date of the transactions. Any gains or losses arising on translation are taken directly to the income statement.

5.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). U.S. dollars is considered as the functional and presentation currency of the Company.

5.3 Financial Instruments

On adoption of IFRS 9 on 1 January 2018, the Company replaced or substantially revised its accounting policies for classification and measurement of financial assets and financial liabilities, and impairment of financial assets.

These new or revised policies are set out in the following table along with the corresponding policy under IAS 39. Because the Company elected not to restate comparative periods on adoption of IFRS 9, the IAS 39 policies should be used to understand the differences in accounting policies with the comparative prior period information presented in these financial statement.

5.3.1 Financial assets and financial liabilities

IFRS 9	IAS 39
Financial assets and financial liabilities	
i. Recognition of financial assets and financial liabilities	
The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised using trade-date accounting.	The Company recognises derivatives on its balance sheet when it becomes a party to the contractual provisions of the instruments. Loans and receivables and financial liabilities at amortised cost are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset.
ii. Classification and measurement of financial assets and financial liabilities	
On initial recognition, financial assets are classified as measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification is based on both the business model for managing the financial assets and their contractual cash flow characteristics. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the assets' performance is evaluated and reported to key management personnel, how risks are assessed and managed, and how managers are compensated.	The Company classifies its financial assets and financial liabilities in the following categories on initial recognition: Financial assets and financial liabilities held for trading, financial assets and financial liabilities designated at fair value through profit or loss, and loans and receivables and financial liabilities held at amortised cost.
On initial recognition, financial liabilities are classified as measured at either amortised cost or fair value through profit or loss.	

CHASE SECURITIES INTERNATIONAL LIMITED
Notes to the financial statements (continued)

5. Significant accounting policies (continued)

5.3 Financial Instruments (continued)

5.3.1 Financial assets and financial liabilities

IFRS 9	IAS 39
Financial assets and financial liabilities	
Financial assets and financial liabilities measured at amortised cost	Loans and receivables and financial liabilities at amortised cost
<p>Financial assets are measured at amortised cost if they are held under a business model with the objective to collect contractual cash flows ("Hold to Collect") and they have contractual terms under which cash flows are solely payments of principal and interest ("SPPI"). In making the SPPI assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement (i.e., interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement). Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. As a result of the application of these criteria, only debt financial assets are eligible to be measured at amortised cost.</p>	<p>Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market except those that are classified as held for trading or designated at fair value through profit or loss. Loans and receivables include balances at bank and other receivables.</p>
<p>Financial assets measured at amortised cost include cash and balances at banks and other receivables.</p>	<p>Loans and receivables are initially recognised at fair value including directly related incremental transaction costs. They are subsequently measured at amortised cost, including any provision for impairment losses. Interest is recognised in the income statement as 'interest and similar income' using the effective interest rate method.</p>
<p>Financial liabilities include preference shares and accrued interest.</p>	<p>Financial liabilities include preference shares and accrued interest and are recognised initially at fair value including directly related incremental transaction costs and subsequently measured at amortised cost using the effective interest method</p>
<p>Financial assets and financial liabilities measured at amortised cost are initially recognised at fair value including transaction costs. The initial amount recognised is subsequently reduced for principal repayments and for accrued interest using the effective interest method. In addition, the carrying amount of financial assets is adjusted by recognising an expected credit loss allowance through to profit or loss.</p>	<p>The effective interest method is used to calculate the amortised cost of a financial asset or financial liability (or a group of financial assets or financial liabilities). It is a method of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or financial liability. The calculation of the effective interest rate includes all fees and commissions paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability.</p>
<p>The effective interest method is used to allocate interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability or a shorter period when appropriate, to the net carrying amount of the financial asset or financial liability. The effective interest rate is established on initial recognition of the financial asset or financial liability. The calculation of the effective interest rate includes all fees and commissions paid or received, transaction costs, and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issuance or disposal of a financial asset or financial liability.</p>	

CHASE SECURITIES INTERNATIONAL LIMITED
Notes to the financial statements (continued)

5. Significant accounting policies (continued)

5.3 Financial Instruments (continued)

5.3.2 Interest income and expense

IFRS 9	IAS 39
Interest income and interest expense	Interest income and interest expense
<p>Unless a financial asset is credit-impaired, interest income is recognised by applying the effective interest method to the carrying amount of a financial asset before adjusting for any allowance for expected credit losses. If a financial asset is credit-impaired, interest income is recognised by applying the effective interest rate to the carrying amount of the financial asset including any allowance for expected credit losses.</p> <p>Interest expense on financial liabilities is recognised by applying the effective interest method to the amortised cost of financial liabilities.</p> <p>Interest income and expense on financial assets and financial liabilities measured at amortised cost are presented separately from financial instruments measured at FVTPL.</p>	<p>Interest income and expense are recognised on an effective interest rate basis. All contractual terms of a financial instrument are considered when estimating future cash flows.</p>

5.4 Dividend recognition

Dividend distributions on Ordinary shares are recognised in the period in which they are declared and approved. Dividend distributions on Preference shares are accrued and included as part of interest expense.

5.5 Provision for liabilities and charges

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

5.6 Cash & cash equivalents

Cash and cash equivalents include cash and balances at banks and loans and advances to banks with maturities of three months or less.

5.7 Current taxation

Income tax payable on taxable profits (current tax) is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

5.8 Preference share capital

Preference share capital is classified as a liability as it is redeemable on a specific date.

6. Other income/(expense)

	2018	2017
	\$	\$
Foreign exchange translation gain/(loss)	628	(169)

CHASE SECURITIES INTERNATIONAL LIMITED
Notes to the financial statements (continued)

7. Directors' emoluments

	2018	2017
	\$	\$
Emoluments*	3,319	4,105
Total contributions to a defined contribution plan	106	38
Total value of long term incentive plans for all directors	153	6
Total contributions to a defined benefit pension plan for all directors	—	28
<hr/>		
Number of directors with shares received or receivable under LTIPs	2	2
Number of directors to whom defined contribution pension rights accrued	2	3
Number of directors to whom defined benefit pension rights accrued	—	1

*The amounts shown above in respect of emoluments paid to directors exclude amounts paid or due to directors under long term incentive plans, the value of share options granted or exercised and benefits to which directors are entitled under any pension schemes.

In accordance with the Companies Act 2006, the directors' emoluments above represent the proportion paid or payable in respect of qualifying services only. Directors also received emoluments for non-qualifying services, which are not required to be disclosed.

Highest paid director

The emoluments of the highest paid director is under £200,000 which is not required to be disclosed under the requirements of the Companies Act 2006.

The directors are employees of other Companies in the Firm and all expenses, including remuneration, are paid by those Companies and not recharged.

The Company had no employees during the year (2017: none)

8. Interest and similar income

	2018	2017
	\$	\$
Interest and similar income	45,019	22,419

All interest and similar income is received from other JPMorgan Chase undertakings.

9. Interest expense and similar charges

	2018	2017
	\$	\$
Non equity preference dividend		
Paid: 6 cents (2017: 6 cents) per \$1 share	84,554	84,554

Included within interest expense and similar charges, are the following balances with other JPMorgan Chase undertakings:

	2018	2017
	\$	\$
Non equity preference dividend		
Paid: 6 cents (2017: 6 cents) per \$1 share	35,612	35,612

CHASE SECURITIES INTERNATIONAL LIMITED
Notes to the financial statements (continued)

10. Loss on ordinary activities before taxation

The auditor remuneration of \$7,260 (2017: \$7,442) is met by another JPMorgan Chase undertaking and not recharged

11. Tax on loss on ordinary activities

(a) Analysis of tax charge for the year

	2018	2017
	\$	\$
Current taxation		
UK Corporation tax on loss for the year	8,520	4,315
Total tax expense for the year	8,520	4,315

(b) Factors affecting the current tax charge for the year

The tax charge for the year differs from the standard rate of corporation tax in the UK 19% (2017: 19.25%). The differences are explained below:

	2018	2017
	\$	\$
Loss on ordinary activities before taxation	(38,907)	(62,304)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in UK 19% (2017: 19.25%)	(7,392)	(11,991)
Non deductible expenses	15,946	16,306
Adjustments in respect of prior years	(34)	—
Total tax expense for the year	8,520	4,315

12. Cash and cash equivalents

All bank balances are held with JPMorgan Chase undertaking.

13. Trade and other receivables

	2018	2017
	\$	\$
Receivable from Preference shareholders		
Amount receivable from group undertakings	213,770	178,158
Amount receivable from others	293,786	244,844
	507,556	423,002

During the year it was identified that whilst it was appropriate historically to accrue dividends in relation to the Company's Preference shares, it was not appropriate to make payment of these accrued dividends when the Company did not have distributable profits. Accordingly, the accounts have been restated to recognise the amounts paid in previous years to Preference shareholders as a receivable from those Preference shareholders, and to recognise a dividend accrual, reflecting the obligation to declare and pay such accrued dividends when the Company has sufficient distributable profits to do so. There is no impact on the net assets of the entity because of this restatement. See note 17.

CHASE SECURITIES INTERNATIONAL LIMITED
Notes to the financial statements (continued)

14. Creditors: amounts falling due within one year

	2018	2017
	\$	\$
600,766 (2017: 600,766) - 20 year 6% cumulative preference shares of \$1 each, issue date of July 9, 1999	600,766	—
789,162 (2017: 789,162) - 20 year 6% preference shares of \$1 each, issue date of May 25, 1999	789,162	—
Amounts owed to JPMorgan Chase undertaking	13,169	8,977
Accrued expense	12,339	12,336
*Accrued dividends payable to Preference shareholders - Group undertakings	213,770	178,158
*Accrued dividends payable to Preference shareholders - others	293,786	244,844
Tax Liability	8,184	4,484
	1,931,176	448,799

*Amount represents accrual of dividends on preference shares. Refer note 13 for details.

Included within cumulative preference shares, are the following balances with JPMorgan Chase undertaking:

	2018	2017
	\$	\$
585,397 - 20 year 6% preference shares of \$1 each, issue date of May 25, 1999	585,397	—

The 6% cumulative preference shares carry a fixed cumulative preferential dividend at the rate of 6% per annum, payable half yearly in arrears on 31 March and 30 September. The shares will be redeemed 20 years and 1 day after being issued by the Company. On winding up, the holders have the priority before all other classes of shares to receive repayment of capital plus any arrears of dividend. The holders have no voting rights.

15. Creditors: amounts falling due after more than one year

	2018	2017
	\$	\$
600,766 (2017: 600,766) - 20 year 6% cumulative preference shares of \$1 each, issue date of July 9, 1999	—	600,766
789,162 (2017: 789,162) - 20 year 6% preference shares of \$1 each, issue date of May 25, 1999	—	789,162

Maturity of preference shares

Amounts due within 1 - 2 years	—	1,389,928
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Included within cumulative preference shares, are the following balances with JPMorgan Chase undertaking:

	2018	2017
	\$	\$
585,397 - 20 year 6% preference shares of \$1 each, issue date of May 25, 1999	—	585,397

CHASE SECURITIES INTERNATIONAL LIMITED
Notes to the financial statements (continued)

16. Called up share capital

	2018	2017
	\$	\$
Issued and fully paid share capital		
2 (2017: 2) Ordinary shares of £1 each	3	3
1,514,139 (2017: 1,514,139) Ordinary shares of \$1 each	1,514,139	1,514,139
	1,514,142	1,514,142

17. Post Balance sheet event

On 24 May 2019 the Company reduced its issued share capital by cancelling and extinguishing:

- 600,766 cumulative non-redeemable B Preference shares of US\$ 1 each;
- 789,162 non-redeemable Preference shares of US\$ 1 each;
- 2 Ordinary shares of GBP 1 each; and
- 1,514,138 Ordinary shares of US\$ 1 each

Pursuant to the cancellation of the Preference shares, payment equal to paid up capital were made to the preference shareholders. Out of the distributable profits created by the cancellation of the Ordinary shares, all arrears and accruals of the unpaid dividends payable to the Preference shareholders were declared and the amounts receivable from the Preference shareholders in relation to historical dividend payments were waived.