

CREDIT SUISSE BG STRATEGY INVESTMENTS (UK)

**Annual Report
For the year ended 31 December 2018**



Company Registration Number: 03897327

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Board of Directors

Ahmed B. Kubba

Director

Lawrence Fletcher

Director

Paul E. Hare

Director

Company Secretary

Paul E. Hare

Secretary

Strategic Report for the year ended 31 December 2018

The Directors present their Annual Report and the Financial Statements for the year ended 31 December 2018.

Business Profile

Credit Suisse BG Strategy Investments (UK) (the "Company") is an unlimited company, domiciled in the United Kingdom and is currently dormant. The Company is a wholly owned subsidiary of DLJ UK Investment Holdings Limited. The ultimate parent of the Company is Credit Suisse Group AG (CS group), which is incorporated in Switzerland.

Business review

The principal activity of the Company was financing activities. In April 2015, the deposit with Credit Suisse International ("CSI") was unwound and the funds were utilised to pay group relief liability. Subsequent to this event, the Company has been dormant.

Performance

The performance of the Company is explained through the key movements in its Statement of Income and Statement of Financial Position.

Statement of Income

For the year ended 31 December 2018, the Company reported a loss for the year of US\$ 171 (2017: Loss of US \$ 5,000).

Statement of Financial Position

As at 31 December 2018, the Company had total assets of US\$ 261 (2017: US\$ 201,117).

As at 31 December 2018, the Company had equity of US\$ 261 (2017: US\$ 190,865).

Key performance indicators

Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The financial risk management objectives and policies of the Company are set out in Note 14 of the Financial Statements. The Company is not exposed to any material market, credit, liquidity or operational risk.

The Company is not materially impacted by the potential UK exit from the EU as it is an investment holding company which is a wholly owned subsidiary of DLJ UK Investment Holdings Limited. The ultimate parent of the Company is CS group specializing in Investment Banking and Wealth Management.

Modern Slavery and Human Trafficking

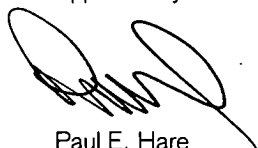
In its role as an employer, and as a user and provider of services, CS group is committed to human rights and respects them as a key element of responsible business conduct. CS group voluntarily commits to uphold certain international agreements relating to human rights, including: the Equator Principles, Principles for Responsible Investment and UN Global Compact.

Strategic Report for the year ended 31 December 2018

A number of internal policies, commitments and controls which are already in place help to eradicate modern slavery and human trafficking in the supply chain and across the business. In addition, CS group Supplier Code of Conduct aims to ensure that the CS group's external business partners, including their employees, subsidiaries and subcontractors, respect human rights, labour rights, employment laws and environmental regulations. In 2016, CS group introduced a formal Third Party Risk Management ('TPRM') framework to scrutinise and monitor the operational, financial and reputational risk associated with third party relationships. The TPRM framework provides for structured due diligence assessments of the all suppliers to identify where modern slavery and human trafficking risks may exist.

The complete statement, made pursuant to section 54, Part 6 of the Modern Slavery Act 2015, is publicly available and can be found at www.credit-suisse.com.

Approved by the Board of Directors on 11 September 2019 and signed on its behalf by:



Paul E. Hare
Director

One Cabot Square
London E14 4QJ
11 September 2019

Directors' Report for the year ended 31 December 2018

International Financial Reporting Standards

The Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The Financial Statements were approved and authorised for issue by the Directors on 11 September 2019.

Going concern

On 6th February 2018, the Directors took the decision to cease business activity. The dissolution of the company is in progress as on the date of signing the financial statements. As the Directors intend to dissolve the company following the settlement of the remaining net assets, they have not prepared the Financial Statements on a going concern basis. No adjustments are necessary to the amounts at which net assets are included in the Financial Statements as on 31 December 2018. There are no changes to the other assumptions and principles for preparing the Financial Statements.

Share capital

There was no movement in share capital during the year (2017: US\$ Nil).

Dividends

During the year, the Company paid a dividend of US\$ 190,433 to its parent DLJ UK Investment Holdings Limited (2017: US\$ Nil).

Directors

The names of the Directors as at the date of this report are set out on page 3. There were no changes in directorship since 31 December 2017, and up to the date of this report.

All Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

None of the Directors who held office at the end of the financial year were beneficially interested, at any time during the year, in the shares of the Company.

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Directors' Report for the year ended 31 December 2018

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Pursuant to section 487 of the Companies Act 2006, KPMG LLP continues in office as the Company's auditor.

Subsequent events

There are no material subsequent events that require disclosure in, or adjustment to, the Financial Statements as at the date of this report.

Approved by the Board of Directors on 11 September 2019 and signed on its behalf by:



Ahmed B. Kubba
Director

One Cabot Square
London E14 4QJ
11 September 2019

Company Registration Number: 03897327

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CREDIT SUISSE BG STRATEGY INVESTMENTS (UK)

Opinion

We have audited the financial statements of Credit Suisse BG Strategy Investments (UK) ("the company") for the year ended 31 December 2018 which comprise the Statement of Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and related notes. These financial statements have not been prepared on the going concern basis for the reason set out in note 2.

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 loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have] been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so. As explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 auditor's 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.



Alexander Snook
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

11 September 2019

Credit Suisse BG Strategy Investments (UK)
Financial statements for the year ended 31 December 2018

Statement of Income for the year ended 31 December 2018

	Note	2018 US\$	2017 ¹ US\$
Interest income	4	97	161
- of which Interest income from instruments at amortised cost		97	161
Interest expense	4	(6)	—
- of which Interest expense from instruments at amortised cost		(6)	—
Net interest income		91	161
Provision for credit losses		—	—
Net interest income after provision for credit losses		91	161
Net revenues		91	161
Other expense ²	5	(202)	(219)
Foreign exchange loss		(60)	—
Administrative expenses	6	—	(4,942)
Total operating expense		(262)	(5,161)
Loss before tax		(171)	(5,000)
Income tax charge	7	—	—
Loss after tax		(171)	(5,000)

¹ The Company has initially applied IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

² The comparative balance of 'Other (expense)/income' has been regrouped to conform to the current year's presentation. These changes had no impact on the net loss or on total shareholder's equity.

Loss for the year 2018 and Loss for the year 2017 are not from continuing operations.

There is no other comprehensive income in the current and prior year. Accordingly, Statement of Other Comprehensive Income is not provided.

The notes on pages 14 to 27 form an integral part of these Financial Statements.

Credit Suisse BG Strategy Investments (UK)
Financial statements for the year ended 31 December 2018

Statement of Financial Position as at 31 December 2018

	Note	2018 US\$	2017 ¹ US\$
ASSETS			
Current assets			
Cash and cash equivalents	8	261	201,117
Total current assets		261	201,117
Total assets		261	201,117
LIABILITIES			
Current liabilities			
Other liabilities	9	—	10,252
Total current liabilities		—	10,252
Total liabilities		—	10,252
SHAREHOLDER'S EQUITY			
Share capital	10	261	261
Retained earnings		—	190,604
Total shareholder's equity		261	190,865
Total liabilities and shareholder's equity		261	201,117

¹ The Company has initially applied IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated.

The notes on pages 14 to 27 form an integral part of these Financial Statements.

Approved by the Board of Directors on 11 September 2019 and signed on its behalf by:



Ahmed B. Kubba
 Director

Credit Suisse BG Strategy Investments (UK)
Financial statements for the year ended 31 December 2018

Statement of Changes in Equity for the year ended 31 December 2018

	Share capital	Retained earnings	Total
	US\$	US\$	US\$
Balance at 1 January 2018	261	190,604	190,865
Loss for the year	—	(171)	(171)
Dividend Paid ¹	—	(190,433)	(190,433)
Balance at 31 December 2018	261	—	261

	Share capital	Retained earnings	Total
	US\$	US\$	US\$
Balance at 1 January 2017	261	195,604	195,865
Loss for the year	—	(5,000)	(5,000)
Balance at 31 December 2017	261	190,604	190,865

¹ The dividend paid is USD 952 per share.

The notes on pages 14 to 27 form an integral part of these Financial Statements.

Credit Suisse BG Strategy Investments (UK)
Financial statements for the year ended 31 December 2018

Statement of Cash Flows for the year ended 31 December 2018

	Note	2018 US\$	2017 US\$
Operating activities			
Loss before tax for the year		(171)	(5,000)
Adjustments to reconcile net loss to net cash from operating activities:			
Other adjustments:			
Interest income		(97)	(161)
Unrealised foreign exchange gain		—	(420)
Operating loss before working capital changes		(268)	(5,581)
Net movement in operating assets and liabilities:			
(Decrease)/increase in other liabilities		(10,252)	5,580
Interest received		97	161
Net cash (used in)/generated from operating activities		(10,423)	160
Cash flows from financing activities			
Dividend paid		(190,433)	—
Net cash used in financing activities		(190,433)	—
Net (decrease)/increase in cash and cash equivalent		(200,856)	160
Cash and cash equivalents at beginning of year		201,117	200,537
Effects of movements in exchange rates on cash held in foreign currency		—	420
Cash and cash equivalents at end of year	8	261	201,117

The notes on pages 14 to 27 form an integral part of these Financial Statements.

Notes to the Financial Statements for the year ended 31 December 2018

1. General

Credit Suisse BG Strategy Investments (UK) (the "Company") is domiciled in the United Kingdom and it is currently dormant. The Company's registered office is at One Cabot Square, London E14 4QJ.

2. Going concern

On 6th February 2018, the Directors took the decision to cease business activity. As the Directors intend to dissolve the company following the settlement of the remaining net assets, they have not prepared the Financial Statements on a going concern basis. No adjustments are necessary to the amounts at which net assets are included in the Financial Statements as on 31 December 2018. There are no changes to the other assumptions and principles for preparing the Financial Statements.

3. Significant accounting policies

a) Statement of compliance

The Financial Statements have been prepared on a non-going concern basis, approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ("adopted IFRS") and are in compliance with Companies Act 2006.

The Financial Statements were authorised for issue by the Board of Directors on 11 September 2019.

b) Basis of preparation

The Financial Statements are presented in United States dollars (US\$), which is the Company's functional currency, unless otherwise stated. They are prepared on historical cost basis.

The preparation of Financial Statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Prior period comparatives have been reclassified to achieve better comparability.

Standards and interpretations effective in the current period

The Company has adopted the following amendments in the current year:

- IFRS 9 Financial Instruments: In July 2014, the IASB issued IFRS 9 'Financial Instruments' (IFRS 9) as a complete standard which replaces IAS 39. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The amendments to IFRS 7 'Financial Instruments: Disclosures' resulting from IFRS 9 also requires new disclosures as well as the revision of current disclosure requirements. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. In October 2017, the IASB issued Prepayments Features with Negative Compensation (Amendments to IFRS 9). The amendments are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Company early adopted this amendment as at 1 January 2018. Changes in accounting policies resulting from the adoption of IFRS 9 are generally applied retrospectively; however the Company has taken advantage of the exemption allowing it not to restate comparative information for prior periods. As a result, the Significant Accounting Policies and Critical Accounting Estimates and Judgements notes have both the 2018 and 2017 policies where applicable.

Notes to the Financial Statements for the year ended 31 December 2018

b) Basis of preparation

The Company did not face any material impact from the adoption of IFRS 9 on 1 January 2018.

Standards and Interpretations endorsed by the EU and not yet effective

The Company is not yet required to adopt the following standards and interpretations which are issued by the IASB but not yet effective and have been endorsed by the EU.

- **IFRIC 23:** In June 2017, the IASB issued IFRIC 23 'Uncertainty over Income Tax Treatments' (IFRIC 23). IFRIC 23 clarifies the accounting for uncertainties in income taxes and is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019. The adoption of IFRIC 23 on 1 January 2019 did not have a material impact on the Company's financial position, results of operations or cash flows.
- **Annual Improvements to IFRSs 2015-2017 Cycle:** In December 2017, the IASB issued 'Annual Improvements to IFRSs 2015-2017 cycle' (Improvements to IFRSs 2015-2017). The Improvements to IFRSs 2015-2017 are effective for annual periods beginning on or after 1 January 2019. The adoption of Annual Improvements to IFRSs 2015-2017 Cycle on 1 January 2019 did not have a material impact on the Company's financial position, results of operations or cash flows.

c) Foreign currency

The Company's functional currency is United States Dollars (US\$). Transactions denominated in currencies other than the functional currency of the reporting entity are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to US\$ at the foreign exchange rate ruling at that date. Foreign exchange differences arising from re-measurement are recognised in the Statement of Income/Statement of Profit or Loss and Other Comprehensive Income. Non-monetary assets and liabilities denominated in foreign currencies at the reporting date are not revalued for movements in foreign exchange rates.

d) Income tax and deferred tax

Income tax recognised in the Statement of Income for the year comprises current and deferred tax. Income tax is recognised in the Statement of Income except to the extent that it relates to items recognised directly in equity, in which case the income tax is recognised in equity. For items initially recognised in equity and subsequently recognised in Statement of Income, the related income tax initially recognised in equity is also subsequently recognised in the Statement of Income.

Current tax is the expected tax payable on the taxable income for the year and includes any adjustment to tax payable in respect of previous year. Current tax is calculated using tax rates enacted or substantively enacted at the reporting date.

For UK corporation tax purposes the Company may surrender or claim certain losses from another UK group company. The surrendering company will be compensated in full for the tax losses surrendered to the claimant company.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax-base. The amount of deferred tax provided is based on the amount at which it is expected to recover or settle the carrying amount of assets and liabilities on the Statement of Financial Position, using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the Statement of Financial Position date.

Notes to the Financial Statements for the year ended 31 December 2018

d) Income tax and deferred tax (continued)

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Tax assets and liabilities of the same type (current or deferred) are offset when they arise from the same tax reporting group, they relate to the same tax authority, the legal rights to offset exists, and they are intended to be settled net or realised simultaneously. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay related dividend arises.

Information as to the calculation of income tax on the profit and loss for the periods presented is included in note 7 – Income tax charge.

Other taxes include tax on Shareholder's funds and net wealth tax. The tax on shareholder's funds and net wealth tax are tax payable on the net wealth of the Company at pre-enacted rates.

e) Financial assets and liabilities (Accounting policy for 2018)

The Company's financial assets are classified on the basis of two criteria: 1) the business model which refers to how the Company manages a financial asset in order to generate cash flows and 2) the contractual cash flow characteristics of the financial asset.

The business model assessments are performed by considering the way in which the financial assets are managed to achieve a particular business objective as determined by management. The assessment is made at the level at which the group of financial assets are managed. These assessments are based on reasonable expectations. All relevant and objective evidence are considered while performing the business model assessments, for example:

- How the performance of the financial assets are evaluated and reported to key management personnel.
- The risks that affect the performance of the financial assets and how those risks are managed.
- How managers of the business are compensated.

The 'Hold to Collect' business model is a model with the objective to hold a financial asset to collect contractual cash flows. Sales are incidental to the objective of this model. The 'Hold to Collect and Sell' business model is a model with the objective to both hold financial assets to collect contractual cash flows and to sell financial assets. This model has a greater frequency of sales than a 'Hold to Collect' business model. The Company does not have any financial assets which are under the 'Hold to Collect and Sell' business model.

The financial assets which are not classified under the 'Hold to Collect' and 'Hold to Collect and Sell' business models are measured at fair value. These include financial assets that meet the trading criteria; those that are managed on a fair value basis or designated at fair value as well as equity instruments where an irrevocable election is made on initial recognition to present changes in fair value in other comprehensive income (OCI). Refer to sections below for further guidance.

For 'Hold to Collect' and 'Hold to Collect and Sell' business model, the contractual cash flows of the financial assets are assessed to determine if they consist of solely payments of principal and interest. For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company will consider the contractual terms of the instrument. This will include assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Notes to the Financial Statements for the year ended 31 December 2018**e) Financial assets and liabilities (Accounting policy for 2018) (continued)**

These criteria determine how a financial asset is subsequently measured.

Amortised Cost

Financial assets which have contractual cash flows which consist solely of payments of principal and interest and are held in a 'Hold to Collect' business model are subsequently measured at amortised cost and are subject to impairment. (Refer note g).

Financial instruments - Recognition and derecognition (Policy for 2017)

The Company recognises financial assets and liabilities on its Statement of Financial Position when it becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired. Financial assets/financial liabilities are recognised/derecognised using settlement date accounting.

Cash and cash equivalents

For the purpose of preparation and presentation of the cash flow statement, cash and cash equivalents are defined as short-term, highly liquid instruments with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value and that are held for cash management purposes.

Other liabilities

Other liabilities comprise the audit fee payable.

f) Interest income

The interest income is recognised on an accrual basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

g) Impairment of financial assets (Accounting Policy for 2018)

The impairment requirements apply primarily to financial assets measured at amortised cost as well as certain loan commitments and financial guarantee contracts. The impairment requirements are based on a forward-looking expected credit loss ('ECL') model by incorporating reasonable and supportable forecasts of future economic conditions available at the reporting date. This requires considerable judgement over how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

All financial assets attract a 12 month ECL on origination (Stage 1) except for loans that are purchased or originated credit-impaired. When credit risk has increased significantly since initial recognition of the financial instrument, the impairment measurement is changed from 12-month expected credit losses (Stage 1) to lifetime expected credit losses (Stage 2).

Notes to the Financial Statements for the year ended 31 December 2018

g) Impairment of financial assets (Accounting Policy for 2018) (continued)

The assessment of a significant increase in credit risk since initial recognition is based on different quantitative and qualitative factors that are relevant to the particular financial instrument in scope. If the financial assets are credit-impaired they are then moved to Stage 3. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

Measurement of ECLs

ECLs are a probability-weighted estimate of potential credit losses and application of measurement is as follows:

- Financial assets that are not credit-impaired at the reporting date (Stage 1 or Stage 2), apply the present value of all cash shortfalls – i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive. The Company applies a PD/LGD approach under which term structures of point-in-time probability of defaults ("PDs"), point-in-time loss given defaults ("LGDs") and exposure at defaults ("EADs") are estimated;
- Financial assets that are credit-impaired at the reporting date (Stage 3), apply the difference between the gross carrying amount and the present value of estimated future cash flows.

Definition of default

The definition of default is aligned with the regulatory definition of default which is based on 90 days past due and unlikely to pay on material obligation.

In assessing whether a borrower is in default, the Company considers indicators that are:

- Qualitative: e.g. breaches of covenants;
- Quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Company; and
- Based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Forward looking information

The estimation and application of forward-looking information requires significant judgment. The Company's estimation of expected credit losses is based on a discounted probability-weighted estimate that considers three future macroeconomic scenarios to capture the point of non-linearity of losses: a base scenario, an upside scenario, and a downside scenario. The base case represents a most-likely outcome and is aligned with information used by the Company for other purposes, such as strategic planning and budgeting. Currently, the other scenarios represent more optimistic and more pessimistic outcomes with the downside scenario being more severe than the upside scenario.

Scenarios are probability-weighted according to the Company's best estimate of their relative likelihood based on historical frequency and current trends and conditions and macroeconomic factors such as interest rates, gross domestic product and unemployment rates. Probability weights are reviewed and updated (if required) on a quarterly basis.

Notes to the Financial Statements for the year ended 31 December 2018

g) Impairment of financial assets (Accounting Policy for 2018) (continued)

Significant increases in credit risk ("SICR")

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions.

The Company has established a framework that incorporates both quantitative and qualitative information to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Company's internal credit risk management process. The criteria for determining whether credit risk has increased significantly varies by portfolio.

The assessment of significant increases in credit risk is generally based on two indicators:

- changes in probability-weighted forward-looking lifetime PD, using the same macroeconomic scenarios as the calculation of expected credit losses for newly originated financial instruments (forward book); or changes in credit rating for financial instruments originated prior to the effective date of IFRS 9 (back book), and
- credit watch list as specific qualitative information.

The rebuttable presumption of more than 30 days past due has not been used because financial instruments are considered credit-impaired and therefore transferred into Stage 3 earlier than 30 days past due, unless credit risk management determines the default to be operational in nature and it is rectified in a short period of time (normally within a week).

The Company monitors the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred directly from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month ECL and lifetime ECL measurements.

A financial instrument is transferred from Stage 2 to Stage 1, if it no longer meets the stage transition criteria. The stage transition criteria implicitly reflect a probation period, either by the idiosyncratic nature of PDs or by the credit watch list process.

A financial instrument is transferred from Stage 3 to Stage 2 or 1 after a probation period in line with the Company's credit risk management practices. If the financial instrument has not met the criteria to be considered credit-impaired for a minimum number of months, it will be returned to either Stage 2 or Stage 1 depending on the characteristics of the financial instrument.

The low credit risk exemption has not been used in the context of determining significant increases in credit risk.

Reverse repurchase agreements and securities borrowing transactions are not impacted by the SICR process due to the risk management practices adopted, including regular margin calls. If margin calls are not satisfied, positions will be closed out immediately with any shortfall generally classified as a Stage 3 position.

Expected life

The maximum period to consider when measuring expected credit losses is the maximum contractual period (including borrower-only extension options) over which the Company is exposed to credit risk and not a longer period, even if that longer period is consistent with business practice.

Notes to the Financial Statements for the year ended 31 December 2018

g) Impairment of financial assets (Accounting Policy for 2018) (continued)

Grouping financial assets measured on a collective basis

For Stage 1 and Stage 2 ECLs, financial assets are grouped based on shared credit risk characteristics, e.g. product type and geographic location. However, for each financial asset within the grouping an ECL is calculated based on the PD/LGD approach. Financial assets are grouped as follows:

- Financial institutions
- Fallback (assets not included in any of the above categories)

For all Stage 3 assets, regardless of the class of financial assets, the Company calculates ECL on an individual basis.

Write-off of loans

When it is considered certain that there is no reasonable prospect of recovery and all collateral has been realised or transferred to the Company, the loan and any associated allowance is written off. If the amount of loss on write-off is greater than the accumulated loss allowance, the differences result in an additional impairment loss. The additional impairment loss is first recognised as an addition to the allowance that is then applied against the gross carrying amount. Any repossessed collateral is initially measured at fair value. The subsequent measurement depends on the nature of the collateral.

h) Critical accounting estimates and judgments in applying accounting policies

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. Individual significant financial assets are tested for impairment on an individual basis. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Fair Value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market or, in its absence, the most advantageous market to which the Company has access to at that date. The fair value of a liability reflects its non-performance risk.

The fair value of the financial instruments is based on quoted prices in active markets or observable inputs. For all financial instruments which are carried at amortised cost, the determination of fair value requires subjective assessment and judgement depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own judgements about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk.

Notes to the Financial Statements for the year ended 31 December 2018

4. Net interest income

Net interest income	2018 US\$	2017 US\$
Other	97	161
Total interest income	97	161
Other	(6)	—
Total interest expense	(6)	—
Net interest income	91	161
of which		
Interest income from Financial assets at amortised cost	97	161
Interest expense from Financial liabilities at amortised cost	(6)	—

5. Other expense

Other expense relates to the bank charges and reversal of interest accrual.

6. Administrative expenses

	2018 US\$	2017 US\$
Audit fee	—	(4,118)
VAT on audit fees	—	(824)
Total	—	(4,942)

The audit fees for the year shall be borne by the parent entity DLJ UK Investment Holdings Limited.

7. Income tax charge

a) Components of tax charge

No current tax / deferred tax charge or benefit arose in either the current or prior year.

b) An explanation of the relationship between tax charge and the accounting result

The current tax for the year can be reconciled to the standard rate of corporation tax in the UK of 19% (2017: 19.25%) as follows:

	2018 US\$	2017 US\$
Loss before tax	(171)	(5,000)
Loss before tax multiplied by the UK statutory rate of corporation tax of 19% (2017: 19.25%)	(32)	(962)
Group relief surrendered for nil consideration	32	962
Income tax expense	—	—

Legislation has been enacted which reduces the UK corporation tax rate to 17% with effect from 1 April 2020.

8. Cash and cash equivalents

Bank balances are with Credit Suisse AG. The fair value of cash and cash equivalents approximates to book value.

Notes to the Financial Statements for the year ended 31 December 2018

9. Other liabilities

	2018 US\$	2017 US\$
Audit fees payable	—	10,252
Total	—	10,252

10. Share capital

	2018 US\$	2017 US\$
Authorised equity		
20,000,000,000 'A' shares of US\$ 1 each	20,000,000,000	20,000,000,000
100 Deferred shares of £1 each	161	161
	2018	2017
	US\$	US\$
Allotted, called up and fully paid equity		
100 'A' shares of US\$ 1 each	100	100
100 Deferred shares of £1 each	161	161
Total	261	261

The holders of 'A' shares carry voting rights and the right to receive dividends.

The holders of Deferred shares only carry the right to receive dividends but do not carry any voting rights.

During the year, no additional share capital was issued (2017: US\$ Nil)

Capital management

The Board's policy is to maintain an adequate capital base so as to enable smooth operation of the Company's activities.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, and retained earnings. The Company funds its operations and growth through equity. This includes assessing the need to raise additional equity where required.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

11. Related party transactions

The Company is a wholly owned subsidiary of DLJ UK Investment Holdings Limited domiciled in the United Kingdom. The ultimate holding Company is CS group, which is incorporated in Switzerland.

Copies of group Financial Statements of Credit Suisse AG and CS group, which are those of the smallest and largest groups in which the results of the Company are consolidated, are available to the public and may be obtained from CS Group, Paradeplatz 8, 8070 Zurich, Switzerland.

The Company does not have significant related party balances with affiliates of CS Group AG.

Notes to the Financial Statements for the year ended 31 December 2018

During the course of its business, the Company entered into agreements and transactions with related parties as detailed below:

a) Related party assets and liabilities

	Fellow Group companies 2018 US\$	Fellow Group companies 2017 US\$
Assets		
Cash and cash equivalents	261	201,117
Total	261	201,117

b) Related party income and expenses

	2018 US\$	2017 US\$
Interest income	97	161
Total income	97	161
Interest expense	(6)	—
Total expenses	(6)	—

c) Remuneration of Directors and Key Management Personnel

The Directors and Key Management Personnel did not receive any remuneration in respect of their services to the Company (2017: US\$ Nil). The Directors and Key Management Personnel are employees of its related companies and the Company does not reimburse its related companies for the services rendered by these Directors and Key Management Personnel. All Directors benefited from qualifying third party indemnity provisions.

d) Loans and advances to Directors and Key Management Personnel

There were no loans or advances made to Directors or Key Management Personnel during the year (2017: US\$ Nil).

12. Employees

The Company had no employees during the year (2017: Nil). The Company receives a range of administrative services from related companies within the CS group. CS group companies have borne the cost of these services.

13. Financial instruments

The disclosure of the Company's financial instruments below includes the following sections:

- Analysis of financial instruments by categories;
- Fair value measurement (including fair value hierarchy)
- Fair value of financial instruments not carried at fair value.

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

Notes to the Financial Statements for the year ended 31 December 2018

The fair value of financial assets and liabilities is impacted by factors such as contractual cash flows and observable inputs like the benchmark interest rates and foreign exchange rates. Unobservable inputs used are credit spreads which is a part of the risk-adjusted discount factors. Valuation adjustments are an integral part of the valuation process when market prices are not indicative of the credit quality of counter-party, and are applied to debt instruments. The impact of changes in a counter-party's credit spreads (known as credit valuation adjustments or CVA) is considered when measuring the fair value of assets and the impact of changes in the Company's own credit spreads (known as debit valuation adjustments or DVA) is considered when measuring the fair value of its liabilities. The adjustments also take into account contractual factors designed to reduce the Company's credit exposure to counter-party.

Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are determined using present value estimates or other valuation techniques, for example, the present value of estimated expected future cash flows using discount rates commensurate with the risks involved. Fair value estimation techniques normally incorporate assumptions that market participants would use in their estimates of values, future revenues, and future expenses, including assumptions about interest rates, default, prepayment and volatility. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realised in an immediate sale or settlement of the instrument.

For cash and other liquid assets, the fair value is assumed to approximate book value, given the short term nature of these instruments. For long term instruments (loans and receivables and debt instruments), fair value is calculated using the discounted cash flow methodology. The information presented herein represents estimates of fair values of accrual accounted instruments as at the Statement of Financial Position date.

The table below analyses financial instruments by valuation method. The different levels in the fair value hierarchy in which fair value measurements are categorised for financial assets and liabilities have been defined as follows:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between level 2 and level 1 in the year (2017: No Transfers).

The levels in the fair value hierarchy in which fair value measurements are categorised for assets and liabilities measured in the Statement of Financial Position are as follows:

	Carrying amount (US\$)	Fair value (US \$)			Total
	Amortised cost	Level 1	Level 2	Level 3	
2018					
Financial assets					
Cash and cash equivalents	261	261	—	—	261
Other assets	—	—	—	—	—
Total	261	261	—	—	261
Financial liabilities					
Other liabilities	—	—	—	—	—
Total	—	—	—	—	—

Notes to the Financial Statements for the year ended 31 December 2018

	Carrying amount (US\$)	Fair value (US \$)			Total
	Other amortised cost	Level 1	Level 2	Level 3	
2017					
Financial assets					
Cash and cash equivalents	201,117	201,117	—	—	201,117
Total	201,117	201,117	—	—	201,117
Financial liabilities					
Other liabilities	10,252	—	10,252	—	10,252
Total	10,252	—	10,252	—	10,252

14. Financial risk management

The Company's activities expose it to a variety of financial risks.

- Market risk (including foreign exchange risk and interest rate risk)
- Credit risk
- Liquidity risk
- Operational risk

The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management of the Company is carried out by the Central Group Treasury department of CS Group under policies approved by its Board of Directors. Group Treasury identifies, evaluates and hedges financial risks. The Board provides written principles for risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest-rate liquidity.

Market risk

Market risk is the risk of loss arising from adverse changes in interest rates, foreign currency exchange rates, equity prices, commodity prices and other relevant market parameters, such as market volatilities.

(i) Interest rate risk

The Company does not hold any significant interest bearing assets and liabilities. Accordingly, no sensitivity analysis has been performed.

(ii) Foreign exchange risk

The Company operates internationally and has limited exposure to foreign exchange risk arising from various currency exposures, primarily with respect to the GBP and EUR.

Foreign exchange risk related to expenses and net assets is centrally and systematically managed with a focus on risk reduction and diversification. Any currency risk that materialises will be managed centrally by the CS Group through the Foreign Currency Exposure Management ('FCEM') process, utilising currency hedges at the CS group level.

Notes to the Financial Statements for the year ended 31 December 2018

During the current year, the Company did not have any monetary assets and liabilities denominated in currencies other than USD. Details for the year 2017 are as below:

	GBP	EUR
2017		
Monetary assets		
Cash and cash equivalents	581	2,423
Total monetary assets	581	2,423
Monetary liabilities		
Other liabilities	(7,610)	—
Total monetary liabilities	(7,610)	—
Net exposure	(7,029)	2,423

Considering that the Company has limited exposure to foreign exchange risk, sensitivity analysis has not been performed.

Credit risk

Credit risk is the possibility of a loss being incurred by the Company as a result of a borrower or counter-party failing to meet its financial obligations or as a result of deterioration in the credit quality of the borrower or counter-party.

The Company has policies that limit the amount of credit exposure to any financial institution. Transactions are limited to fellow group companies and high credit quality financial institutions.

Cash and due from banks are from fellow group company. There were no financial assets on the Statement of Financial Position which are past due but not impaired.

	12-month ECL (Stage 1)	Lifetime ECL not credit-impaired (Stage 2)	Lifetime ECL credit-impaired (Stage 3)	Purchased credit- impaired	Total
	US\$	US\$	US\$	US\$	US\$
2018					
A+ to A-	261	—	—	—	261
Gross Carrying amount	261	—	—	—	261
Loss allowance	—	—	—	—	—
Net Carrying amount	261	—	—	—	261

2017

Counterparty Exposure	Banks 2017 US\$
A+ to A-	201,117
Total	201,117

Liquidity risk

Liquidity risk is the risk that a company is unable to fund assets and meet obligations as they fall due under both normal and stressed market conditions.

Liquidity, as with funding, capital and foreign exchange exposures, is centrally managed by Treasury. The liquidity and funding profile of CS group reflects the risk appetite, business activities, strategy, the markets and overall operating environment. CS group liquidity and funding policy is designed to ensure that funding is available to all legal entities within CS group to meet all obligations in times of stress, whether caused by market events and / or issues specific to CS group. This approach enhances CS groups' ability to manage potential liquidity and funding risks and to promptly adjust the liquidity and funding levels to meet any stress situation. The Company is not exposed to significant liquidity risk.

Notes to the Financial Statements for the year ended 31 December 2018

Operational risk

Operational risk is the risk of financial loss arising from inadequate or failed internal processes, people or systems, or from external events. The Company is exposed to minimal operational risk.

15. Subsequent events

There are no material subsequent events that require disclosure in, or adjustment to, the Financial Statements as at the date of this report.