

# **PNB (UK) Limited**

## **Report and financial statements**

For the year ended 31 December 2021

Company number : 5685706



## Company Information

### Directors

Ahmad Zulqarnain bin Che On  
Dato' Mohd Nizam bin Zainordin  
Hanizan binti Hood  
Rizal Rickman bin Ramli (appointed 26 January 2022)  
Mohd Hizami bin Mohd Iskandar  
Nik Mohd Radzi bin Nik Wan

### Secretaries

Harini binti Zainal Abidin (appointed 1 September 2021)  
Norliza binti Ahmad  
SPW Secretaries Limited  
Adibah Khairiah binti Ismail (retired 1 September 2021)

### Registered Office

4<sup>th</sup> Floor  
77 Queen Victoria Street  
London EC4V 4AY

### Bankers

Maybank  
77 Queen Victoria Street  
London EC4V 4AY

HSBC  
90 Baker Street  
London W1U 6AX

### Auditor

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London  
E14 5EY

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## Strategic Report

The directors present their strategic report and the audited financial statements of PNB (UK) Limited ("the Company") for the financial year ended 31 December 2021.

### Review of the Company

The key financial and other performance indicators during the year were as follows:

	2021	2020	Change
	£	£	%
Turnover	2,185,264	1,898,626	15.1
Profit for the financial year	72,309	62,699	15.3
Current ratio (Current assets/ current liabilities)	6.1	6.6	-7.6
Average number of employees	4	5	-

The results for the year and financial position of the Company are as shown in the attached financial statements.

Permodalan Nasional Berhad ("PNB") is the penultimate controlling party of the Company. PNB's fund management function has been centralised at PNB's head office in Kuala Lumpur, Malaysia, and the Company has been designated as PNB's satellite trading platform for the North American and European markets.

The Company continues to hold regulatory permissions of advising on, arranging and dealing in investments as an agent, so as to enable it to also provide execution services for the unit trust funds for which PNB has been appointed as the investment manager. The Company received Financial Conduct Authority ("FCA") authorisation on 7 September 2020, with Firm Registration Number 914190.

As part of the Company's conditions for authorisation from the FCA, in the circumstances where the Company is required to submit a Change in Control notification under section 178 of the Financial Services and Markets Act 2000, it must cease all regulated activities it is authorised for until the Change in Control notification has been assessed and approved by the FCA.

During the year to 31 December 2021, the Company was required to cease all regulated activities from 11 June 2021 until 9 September 2021, due to the submission of a Change in Control notification arising from a change in one of members of the Board of Trustees of Yayasan Pelaburan Bumiputra, the ultimate controlling party of the Company. The change was approved by the FCA on 9 September 2021, following which the Company was able to resume its regulated activities.

During the period of cessation in its regulated activities, the Company continued to trade, with no reduction in employees, albeit not undertaking any regulated activities, particularly any equity trading activity on behalf of its penultimate controlling party.

Subsequently, the Company was once again required to cease all regulated activities from 5 January 2022, following the submission of another Change in Control notification arising from another change in one of the members of the Board of Trustees of the ultimate controlling party of the Company. The Company received the approval of the FCA for the Change in Control on 21 April 2022, following which the Company was able to once again resume its regulated activities.

## Strategic Report

The Company's revenue remains based up on a cost-plus model. This provides a high degree of certainty that the Company will continue to be profitable.

The financial results for the year to 31 December 2021 have been in line with the expectations of the directors with the Company recording a profit for the financial year of £72,309 (2020: £62,699). The increase in the Company's expenses, led to an increase in revenue due to the cost-plus model. This was mainly driven by an increase in staff expenses as well as additional costs incurred for information data services for the purpose of meeting the Company's new regulatory requirements. This is in line with the expectations of the directors and not as a result of the ongoing Covid-19 pandemic. The directors are satisfied with the result for the year and the financial position of the Company. The directors do not recommend the payment of a dividend in respect of the current year (2020: nil).

At 31 December 2021, the directors assessed that the Company is adequately capitalised to meet all financial obligations.

### Key performance indicators ("KPIs")

The Company's activities relate to the execution of trades on behalf of PNB's centralised fund management function, pursuant to its regulated activities of advising on, arranging and dealing in investments as an agent. As its revenue is earned on a cost-plus basis, the Company's expenses are closely monitored by the directors so as to be within the budgeted expenditure and in line with the business plan for the financial year. Given the straightforward nature of the Company, the directors are of the opinion that analysis using KPIs other than those described above is not necessary for an understanding of the development, performance or position of the Company.

### Risks and uncertainties

The Company is committed to reviewing risks to its business on an ongoing basis. The directors are responsible for this review and have implemented a number of controls to mitigate potential risks to the Company.

#### i. Principal risks - Credit default and liquidity risk

Given its cost-plus service fee model, the Company's revenue is entirely derived from its penultimate controlling party, therefore the Company's principal risks will relate to the credit default and liquidity risk associated with receipt of income on a timely basis from this counterparty. These risks are managed through regular dialogue with the penultimate controlling party undertaking to ensure that the Company maintains sufficient working capital to meet its liabilities as they fall due.

#### ii. Foreign currency risk

Foreign exchange risk is the risk that the value of future cash flows will fluctuate due to changes in foreign exchange rates. Whilst all income is invoiced in sterling, the Company is exposed to the Malaysian Ringgit through the payments made or received in relation to other intercompany settlements with PNB.

#### iii. Coronavirus (COVID-19) outbreak risk

Despite the emergence of the Omicron variant of the Coronavirus ("COVID-19") in late 2021, the pandemic has largely passed into the endemic phase in the UK, with all legal restrictions in England lifted on February 24, 2022. Due to the Company's cost-plus revenue model, steady cash flow from the service fees chargeable to its sole client and penultimate controlling party, and sufficient working capital, COVID-19 does not have a material impact on the Company's profitability, liquidity and business model.

## Strategic Report

The Company will continue to encourage employees to observe the safe and responsible behaviours outlined by the UK Government in the 'Living with COVID' plan and has expects that this will not have a material impact on business operations, due to the ability of employees to work flexibly and remotely as and when required.

### iv. Geopolitical uncertainty risk

Geopolitical uncertainty risk arises from the on-going conflict between Russia and Ukraine, and the knock-on effects thereof on global markets across various asset classes. The conflict has had a significant effect on the Russian currency as well as Russian investments, including securities listed on the Russian stock exchange and Russian government bonds. The conflict has not had any material impact on the Company's operations, as the Company does not have any exposure to Russian investments, nor any dealings in Russian investments as part of its regulated activities.

The Company's penultimate controlling party also does not have any material exposure to the Russian currency or Russian investments and continues to prudently manage its investment portfolio amidst the market volatility arising from the conflict.

Signed for and on behalf of PNB (UK) Limited by:



Ahmad Zulqarnain bin Che On

Director

Date: 25 April 2022

Dato' Mohd Nizam bin Zainordin

Director

Date: 25 April 2022

## Directors' Report

The directors present their annual report together with the audited financial statements of PNB (UK) Limited ('the Company') for the year ended 31 December 2021. The Company was incorporated in England & Wales on 24 January 2006.

### Principal activity

The Company is authorised and regulated by the FCA and undertakes the regulated activities of advising on, arranging and dealing in investments as agent on behalf of its sole client, PNB, its penultimate controlling party.

### Results and dividends

The Company recorded profit for the year ended 31 December 2021 of £72,309 (2020: £62,699). The directors do not recommend the payment of a dividend in respect of the current financial year (2020: nil).

### Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the review of the business in the Strategic Report. The financial position of the Company and its liquidity position are reflected in the Statement of Financial Position and the Statement of Cash Flows. The Company has sufficient financial resources and an ongoing Service Level Agreement ("SLA") with PNB. The Company is reimbursed by PNB on a cost-plus model.

As a consequence, the directors believe that the Company is well placed to manage its business risks successfully. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for period through 30 June 2023, a period of at least 12 months after the expected signing of the financial statements. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

As part of a going concern assessment, management have performed an impact analysis of external factors including but not limited to; the ongoing COVID-19 pandemic and the impact of geopolitical uncertainty using information available at the date of issue of these financial statements. The analysis has modelled a number of adverse scenarios to stress-test the potential impact on the Company's operations, liquidity and solvency.

Based on the Company's analysis, any impact to the Company's profitability is insignificant in the short, medium and long term. Thus, the directors of the Company do not foresee any material impact on its future operations, ability to continue trading and future profitability as well as its ability to continue as a Going Concern. However, as the Company's revenue is based on a cost-plus model, it is dependent on the ability of its sole client, PNB, to which it provides services, to continue to pay service fees due. The directors of the Company are not aware of any plans or intention by PNB to terminate its SLA with the Company and the Company is expected to continue to provide trade execution services to PNB.

Based on the analysis performed on PNB, it will still be able to cover the amount due to the Company, as even at the breakeven point, its cash and cash equivalents are sufficient to cover its expenses. The directors of the Company have determined that PNB, as the Company's sole client, has sufficient financial resources to meet its short-term liabilities as they fall due, including continue paying the service fee due to the Company, on time.

## Directors' Report

Having performed this analysis, management believes capital requirements continue to be met and have sufficient liquidity to meet its liabilities for the period through 30 June 2023, a period of at least 12 months after the date of approval of the financial statements. The preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

### Future developments

As highlighted in the Strategic Report, the Company is a regulated entity, authorised and regulated by the FCA. Its regulatory permissions will allow it to fulfil its role as PNB's satellite trading platform for the North American and European markets, as well as to explore providing additional support across PNB's range of portfolio investments.

Given the above, the directors have no reason to believe that the Company will cease trading. It is also expected that the revenue model adopted for its activities on behalf of PNB will enable the Company to remain profitable for the foreseeable future. As a result, the directors remain optimistic about the future operations of the Company.

### Charitable donations

During the year, the Company did not make any charitable contributions to any local charities and community projects (2020: nil).



## Directors' Report

### Directors

The directors of the Company during the year and at the date of approving this report were as follows:

Ahmad Zulqarnain bin Che On  
Dato' Mohd Nizam bin Zainordin  
Hanizan binti Hood  
Rizal Rickman bin Ramli (appointed 26 January 2022)  
Mohd Hizami bin Mohd Iskandar  
Nik Mohd Radzi bin Nik Wan

The directors are covered under a 'Directors and Officers Liability & Company Reimbursement Takaful' ("D&O") insurance policy against any claim on D&O for a wrongful act. The costs of this policy are fully incurred by the penultimate controlling party, PNB.


### Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditor

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditor will be put to the members at the annual general meeting.

By order of the board



Hartini binti Zainal Abidin  
Company Secretary  
Date : 25 April 2022

## Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice); including Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland (FRS 102). 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 and prudent;
- state whether applicable United Kingdom Generally Accounting Standards and applicable law, including FRS 102 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.

The directors are responsible for keeping proper 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.

# **Independent Auditor's Report**

to the members of PNB (UK) Limited

## **Opinion**

We have audited the financial statements of PNB (UK) Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period to 30 June 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. 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.

# **Independent Auditor's Report**

**to the members of PNB (UK) Limited**

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

## **Matters on which we are required to report by exception**

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

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

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

# **Independent Auditor's Report**

to the members of PNB (UK) Limited

## **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## **Auditor's 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's 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.

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006) and the relevant direct and indirect tax compliance regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to the FCA rules.
- We understood how PNB (UK) Limited is complying with those frameworks by making enquiries of management and corroborated our understanding by reviewing supporting documentation. Where applicable, we also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and by assuming revenue to be a fraud risk.

# **Independent Auditor's Report**

**to the members of PNB (UK) Limited**

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved inquiry with management, review of professional expenses, review of the appropriateness of the transfer pricing arrangement, review of breaches and complaints register, and journal entry testing by specific risk criteria, with a focus on journals indicating large or unusual transactions based on our understanding of the business.

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

## **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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.

Keith Wood (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP  
London  
26 April 2022

## Statement of Comprehensive Income

for the year ended 31 December 2021

	Notes	2021 £	2020 £
<b>Revenue</b>			
Turnover	2	2,185,264	1,898,626
Administrative expenses		(2,090,240)	(1,817,673)
<b>Operating profit</b>	3	95,024	80,953
Interest income	4	2,313	9,605
<b>Profit on ordinary activities before taxation</b>		97,337	90,558
Tax on profit on ordinary activities	5	(25,028)	(27,859)
<b>Profit for the financial year</b>		72,309	62,699

There is no other comprehensive income other than the profit for the year of £72,309 (2020: £62,699).

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

Notes 1 – 17 form an integral part of these financial statements.

## Statement of Changes in Equity

for the year ended 31 December 2021

	Share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2020	10,001	2,748,422	2,758,423
Profit for the year	-	62,699	62,699
At 31 December 2020	10,001	2,811,121	2,821,122
Profit for the year	-	72,309	72,309
At 31 December 2021	10,001	2,883,430	2,893,431

Notes 1 – 17 form an integral part of these financial statements.



## Statement of Financial Position

as at 31 December 2021

	Notes	2021 £	2020 £
<b>Non-current assets</b>			
Fixed assets	6	130,968	169,908
Debtors:			
Amount falling due after one year: due from others	7	11,992	12,242
Total non-current assets		142,960	182,150
<b>Current assets</b>			
Cash and cash equivalents		2,311,246	2,213,612
Debtors:	7		
Amount falling due within one year: due from affiliate		799,437	674,733
Amount falling due within one year: due from others		177,334	220,327
Total current assets		3,288,017	3,108,672
<b>Current liabilities</b>			
Creditors:	8		
Amount falling due within one year: due to affiliate		(40,716)	(38,037)
Amount falling due within one year: due to others		(496,830)	(431,663)
Total current liabilities		(537,546)	(469,700)
<b>Net current assets</b>		2,750,471	2,638,972
<b>Net assets</b>		2,893,431	2,821,122
<b>Capital and reserves</b>			
Called up share capital	10	10,001	10,001
Profit and loss account		2,883,430	2,811,121
<b>Total shareholders' funds</b>		2,893,431	2,821,122

The accompanying notes 1 – 17 are an integral part of these financial statements.

The financial statements on pages 12 to 25 were approved by the Board on 25 April 2022 and authorised for issue and have been signed on its behalf by:



Ahmad Zulqarnain bin Che On  
Director  
Date: 25 April 2022

Dato' Mohd Nizam bin Zainordin  
Director  
Date: 25 April 2022

## Statement of Cash Flows

for the year ended 31 December 2021

	2021	2020
	£	£
<b>Operating activities</b>		
Operating profit	95,024	80,953
Adjustments for:		
Depreciation of fixed assets	<u>38,940</u>	<u>38,873</u>
Operating profit before working capital changes	133,964	119,826
(Increase)/Decrease in debtors	(82,258)	184,284
Increase in creditors	64,632	71,367
Tax paid	<u>(21,813)</u>	<u>(23,965)</u>
Net cash inflow from operating activities	<u>94,525</u>	<u>351,512</u>
<b>Investing activities</b>		
Interest received and other income	3,109	11,368
Payments to acquire assets	<u>-</u>	<u>(24,793)</u>
Net cash inflow/(outflow) from investing activities	<u>3,109</u>	<u>(13,425)</u>
<b>Increase in cash and cash equivalents</b>	97,634	338,087
<b>Cash and cash equivalents at 1 January</b>	<u>2,213,612</u>	<u>1,875,525</u>
<b>Cash and cash equivalents at 31 December</b>	<u>2,311,246</u>	<u>2,213,612</u>

The accompanying notes 1 – 17 are an integral part of these financial statements.

## Notes to the Financial Statements

at 31 December 2021

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

#### 1.1. Accounting convention

PNB (UK) Limited is a limited liability company incorporated and registered in England and Wales. The Registered Office is 4th Floor, 77 Queen Victoria Street, London EC4V 4AY.

#### 1.2. Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom accounting standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006. The financial statements are prepared in pound sterling which is the functional and presentation currency of the Company and on a going concern basis.

#### 1.3. Going Concern

As part of a going concern assessment, management have performed an impact analysis of external factors including but not limited to; the ongoing COVID-19 pandemic and the impact of geopolitical uncertainty using information available at the date of issue of these financial statements. The analysis has modelled a number of adverse scenarios to stress-test the potential impact on the Company's operations, liquidity and solvency.

Based on the Company's analysis, any impact to the Company's profitability is insignificant in the short, medium and long term. Thus, the directors of the Company do not foresee any material impact on its future operations, ability to continue trading and future profitability as well as its ability to continue as a Going Concern. However, as the Company's revenue is based on a cost-plus model, it is dependent on the ability of its sole client, PNB, to which it provides services, to continue to pay service fees due. The directors of the Company are not aware of any plans or intention by PNB to terminate its SLA with the Company and the Company is expected to continue to provide trade execution services to PNB.

Based on the analysis performed on PNB, it will still be able to cover the amount due to the Company, as even at the breakeven point, its cash and cash equivalents are sufficient to cover its expenses. The directors of the Company have determined that PNB, as the Company's sole client, has sufficient financial resources to meet its short-term liabilities as they fall due, including continue paying the service fee due to the Company, on time.

Having performed this analysis, management believes capital requirements continue to be met and have sufficient liquidity to meet its liabilities for period through 30 June 2023, a period of at least 12 months from the date of approval of the financial statements. The preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

# Notes to the Financial Statements

at 31 December 2021

## 1. Accounting policies ('continued')

### 1.4. Judgements in applying accounting policies

In applying the Company's accounting policies, the directors may be required to make judgements and estimates that could impact the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year.

The directors consider the following to be significant accounting judgements made during the year:

- Recognition of the Company's lease obligations as operating leases

The directors' estimates are based on the evidence available at the time; including historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such estimates, the actual results and outcomes may differ. Estimates are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the year in which the estimate is revised. The directors are not aware of any significant sources of estimation uncertainty in the preparation of the financial statements.

### 1.5. Revenue recognition

Turnover, which is stated net of value added tax, represents remuneration received from PNB based on the Service Level Agreement for services it provides at a fixed margin above the cost of providing these services ("service fees"). Interest income is recognised on an accruals basis using the effective interest method. Other income is recognised on an accruals basis.

### 1.6. Leases

Rentals classified as operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

### 1.7. Foreign currency

Transactions in foreign currencies are initially recorded in the Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the Statement of Financial Position date. All differences are taken to the Statement of Comprehensive Income.

### 1.8. Taxation and deferred taxation

Provision is made for corporation tax at the current rates on the excess of taxable income over allowable expenses.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the date the timing differences are expected to reverse.

## Notes to the Financial Statements

at 31 December 2021

### 1. Accounting policies ('continued')

#### 1.9. Debtors

Debtors are measured at fair value on initial recognition being equal to the amount expected to be received by the Company. Amounts are subsequently measured at amortised cost less any provision for impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

#### 1.10. Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less, net off outstanding bank overdrafts.

#### 1.11. Creditors

Creditors are initially measured at fair value which is the equivalent of the amount expected to be paid to settle the obligation, and are subsequently measured at amortised cost, using the effective interest rate method.

#### 1.12. Fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life. The depreciation rates are as follows:

Computers and technology	-	33.33% per annum
Software	-	33.33% per annum
Office equipment	-	20% per annum
Fixtures and fittings	-	20% per annum
Leasehold improvement	-	10% per annum (over the lease term of 10 years)
Work of Art	-	Not depreciated as they are deemed to have an indefinite useful life

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### 1.13. Rental deposit

Rental deposit that falls due after one year is accounted for as a Fixed asset.

#### 1.14. Expenses

All expenses are accounted for on an accruals basis.

## Notes to the Financial Statements

at 31 December 2021

### 1. Accounting policies ('continued')

#### 1.15. Pension

The Company operates a defined contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income on an accruals basis as they become payable in accordance with the rules of the scheme.

### 2. Turnover

Turnover primarily represents service fees for dealing services provided in the United Kingdom to PNB, the Company's penultimate controlling party based in Malaysia.

### 3. Operating profit

	2021	2020
	£	£
Operating profit is stated after charging:		
Depreciation of assets	38,940	38,873
Operating lease rentals	221,888	221,888
Auditor's remuneration:		
Audit services	46,000	46,000
Non-audit services	11,520	5,550

### 4. Interest Income

	2021	2020
	£	£
Income from time deposits	2,313	9,605
	<u>2,313</u>	<u>9,605</u>

### 5. Tax on profit on ordinary activities

Analysis of tax charge on ordinary activities

	2021	2020
	£	£
<i>Current tax:</i>		
UK corporation tax on the profit for the year	25,713	20,811
Adjustment in respect of previous periods	-	(247)
Total current tax	<u>25,713</u>	<u>20,564</u>
Deferred tax (Note 9):		
Origination and reversal of timing differences	(685)	7,295
Tax on profit on ordinary activities	<u><u>25,028</u></u>	<u><u>27,859</u></u>

## Notes to the Financial Statements

at 31 December 2021

### 5. Tax on profit on ordinary activities ('continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%).

The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	97,337	90,558
UK Corporation Tax at 19.00% (2020: 19.00%)	18,494	17,206
<i>Effects of:</i>		
Non-deductible expenses	(1)	44
Adjustments to tax charge in respect of previous years	-	4,647
Tax rate changes	572	-
Depreciation on ineligible assets	5,962	5,962
Rounding difference	1	-
Total tax charge for the year	25,028	27,859

#### Factors that may affect future tax charges

The rate of corporation tax enacted at the statement of financial position date was 19%.

The UK corporation tax rate is currently at 19%. The UK Chancellor of the Exchequer announced in the March 2021 Budget that the corporation tax rate will increase to 25% from April 2023. The rate increase was substantively enacted in May 2021.

The future increase in the rate of UK corporation tax will affect future tax payments to be made by the Company.

## Notes to the financial statements

at 31 December 2021

### 6. Fixed assets

	Work of Art £	Computers and technology £	Office equipment £	Fixtures and fittings £	Leasehold improvement £	Software £	Total £
<b>Cost:</b>							
At 1 January 2021/							
31 December 2021	18,000	32,810	30,185	44,512	313,804	2,430	441,741
<b>Accumulated depreciation :</b>							
At 1 January 2021	-	20,913	21,961	44,465	182,310	2,184	271,833
Charge for the year	-	4,822	2,517	-	31,381	220	38,940
At 31 December 2021	-	25,735	24,478	44,465	213,691	2,404	310,773
<b>Net book value :</b>							
At 31 December 2021	18,000	7,075	5,707	47	100,113	26	130,968
<b>Net book value :</b>							
At 31 December 2020	18,000	11,897	8,224	47	131,474	246	169,908



## Notes to the financial statements

at 31 December 2021

### 7. Debtors

	2021 £	2020 £
<u>Amounts falling due within one year: due from affiliate</u>		
Amount due from PNB (penultimate holding party) (Note 15):		
- Service fees receivable	799,437	674,733
<u>Amounts falling due within one year: due from others</u>		
Prepayments and other debtors	172,027	213,254
Interest receivable	307	1,103
Deposits	5,000	5,970
	<u>177,334</u>	<u>220,327</u>
<u>Amounts falling due after one year: due from others</u>		
Rental deposits	<u>11,992</u>	<u>12,242</u>

### 8. Creditors

	2021 £	2020 £
<u>Amounts falling due within one year: due to affiliate</u>		
Amount due to PNB (penultimate holding party) (Note 15)	40,716	38,037
<u>Amounts falling due within one year: due to others</u>		
Accruals	479,734	417,782
Deferred tax (Note 9)	2,383	3,068
Corporation tax payable	14,713	10,813
	<u>496,830</u>	<u>431,663</u>

### 9. Deferred tax

	2021 £	2020 £
At 1 January	(3,068)	4,227
Amount recognised in the Statement of Comprehensive Income	685	(7,295)
At 31 December	<u>(2,383)</u>	<u>(3,068)</u>

The deferred tax balance relates to fixed asset timing differences.

## Notes to the financial statements

at 31 December 2021

### 10. Issued share capital

		2021		2020
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
Ordinary shares of £1 each	10,001	10,001	10,001	10,001
		<u>          </u>		<u>          </u>

### 11. Directors' emoluments

	2021	2020
	<i>£</i>	<i>£</i>
Remuneration	611,708	502,332
	<u>          </u>	<u>          </u>

The Board of Directors of PNB has agreed on the streamlining of the entitlement of the directors' fees for the executives of PNB who sit as nominee directors of the Company. The executive staff nominee will not be entitled to a directors' fee or a meeting allowance for services provided to the Company. In line with this policy, none of the directors of PNB UK received any fees during the year.

The executives of PNB who sit as nominee directors of the Company receive monthly remuneration from PNB and this amount is not recharged to the Company. There are two executive directors appointed by the Company and the emoluments attributable to the highest paid director during the year were £342,810 (2020: 267,117).

### 12. Employees

	2021	2020
	<i>£</i>	<i>£</i>
Wages and salaries	730,640	551,253
Social security costs	46,756	59,355
Pension costs	12,203	13,073
	<u>789,599</u>	<u>623,681</u>

Included in salaries is a balance of £195,819 (2020: £181,373) relating to staff costs incurred by PNB on the Company's behalf that has been re-charged to the Company. The average number of employees of the Company during the year was as follows:

	2021	2020
	<i>No.</i>	<i>No.</i>
Principal Officer	1	1
Administration/Compliance	1	1
Dealers	2	2
Analyst	-	1
	<u>4</u>	<u>5</u>

## Notes to the financial statements

at 31 December 2021

### 13. Key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. All directors of the Company are considered key management personnel.

	2021	2020
	£	£
Aggregate remuneration payable to key management personnel	611,708	502,332
	<u>611,708</u>	<u>502,332</u>

### 14. Operating lease commitments

At 31 December 2021 the Company had future minimum commitments under non-cancellable operating leases with a maturity profile as follows:

	2021	2020
	£	£
Amounts due:		
Within one year	274,500	274,500
In 1 to 5 years	519,607	794,107
Over 5 years	-	-
	<u>-</u>	<u>-</u>

The Company entered into an operating lease agreement with PNB III Limited for property located at Fourth Floor, 77 Queen Victoria Street, London for the tenure of 10 years starting on 24th November 2014.

### 15. Related party transactions

The Company provides dealing, advisory and investment arrangement services to PNB, its penultimate controlling party based in Malaysia. These services relate to the Service Level Agreement entered into with PNB, effective 1 January 2019. The Company also utilises certain services provided by PNB including back office, accountancy, and administration.

The investment management fee income from PNB of £2,185,264 (2020: £1,898,626) is included in the turnover in the statement of comprehensive income. During the year, the Company has incurred expenses payable to PNB amounting to £252,880 (2020: £234,449). Amounts due from and due to PNB at year-end relating to related party transactions amounted to £799,437 (2020: £674,733) and £40,716 (2020: £38,037) respectively and are included in note 7 and note 8 respectively.

The Company entered into an operating lease agreement with PNB III Limited for the property located at Fourth Floor, 77 Queen Victoria Street, London for the tenure of 10 years commencing on 24th November 2014. The Company has an annual rent commitment payable to PNB III Limited, a subsidiary of PNB Jersey Limited, which is a wholly owned subsidiary of PNB.

During the year, the Company has incurred expenses payable to PNB III Limited amounting to £221,888 (2020: £221,888). Amounts due from and due to PNB III Limited at year-end relating to related party transactions amounted to £nil (2020: £nil) and £nil (2020: £nil) respectively.

## Notes to the financial statements

at 31 December 2021

### 16. Immediate, penultimate and ultimate parent undertaking and controlling party

PNB International Limited, a company incorporated in the Federal Territory of Labuan, Malaysia is the Company's immediate parent undertaking whilst PNB, an entity based in Malaysia, is the penultimate controlling party of the Company for which the registered address is Level 4, Balai PNB, 201-A, Jalan Tun Razak, 50400 Kuala Lumpur. The Company's ultimate holding company is Yayasan Pelaburan Bumiputra, a company incorporated in Malaysia and limited by guarantee.

### 17. Subsequent events

The Company performed a review of events subsequent to the balance sheet date through the date the financial statements were issued and determined that there were no such events requiring recognition or disclosure in the financial statements.