Chartered Financial Holdings Limited

Directors' Report and Financial Statements

For the year ended 31 December 2014

Registered Number: 00431476

Contents

Directors' Report

The Directors present their report and financial statements of Chartered Financial Holding Limited (the "Company") for the year ended 31 December 2014.

Pincipal actvities
The principal activity of Chartered Financial Holdings Limited (the "Company") throughout the year was that of a holding company. The Company forms part of the Standard Chartered Group.

Business reivew
The Company made a loss of $409,000 (2013: a loss of $891,467).

Going concern
The Company does not trade and it is intended that the Company will be liquidated in due course therefore the Company no longer adopts the going concern basis in preparing the Financial Statements.

Key Performance Indicator
The Company ceased trading and as such, there are no meaningful key performance indicators that the Company is monitoring.

Financial instruments
Financial instruments entered into during the year comprised amounts due to and due from group undertakings. .

Results and dividends
The Company did not pay a dividend during the year. The results of the Company are set out from pages 7 to 10.

Creditor payment policy
The Company is a holding company and does not trade. Therefore, it is not considered meaningful to give average supplier payment terms.

Directors
The Directors who held office during the year were as follows:

B A McAll resigned on 1 April 2014
P S Chambers
T Lord, appointed as alternate director to P S Chambers on 13 October 2014
K N Trichur, as alternate director to P S Chambers , resigned on 13 October 2014
R H Mingay, appointed on 1 April 2014, resigned on 6 October 2014
D L Taylor appointed on 6 October 2014
C J Daniels, appointed as alternate director to R H Mingay on 17 July 2014 and as alternative director to D L Taylor on 6 October 2014

Qualifying third party indemnities
There are no qualifying third party indemnities in force at the time of this report.

Employees
The Company has no employees (2013: nil)

Risk management
The risk management objectives of the Company are set out in note 11.

Disclosure of information to auditor
The Directors who held office at the date of approval of this Directors' report and financial statements confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that ought to have been taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor
Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Directors' Report

Strategic report
In accordance with Section 414A (2) of the Companies Act 2006, the Company is not required to present a strategic report.

By order of the board

D L Taylor
Director
Company registration number - 00431476
Date: 3 September 2015

1 Basinghall Avenue
London
EC2V 5DD
UK

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

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

Company law requires the Directors to prepare the strategic report, the directors' report and the 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 judgments and estimates that are reasonable and prudent;

- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and these financial statements have not been prepared on that basis.

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 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.

Independent Auditor's Report to the members of Chartered Financial Holdings Limited

We have audited the financial statements of Chartered Financial Holdings Limited (the "Company") for the year ended 31 December 2014 set out on pages 7 - 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 or;
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

R Rawstron

Richard Rawstron (Senior statutory auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditors
Chartered Accountants
15 Canada Square
Canary Wharf
London E14 5GL

03 September 2015

Income Statement
for the year ended 31 December 2014

	Note	2014 $000	2013 $000
Dividend income		6	-
Operating profit		**6**	**-**
Profit before taxation		**6**	**-**
Taxation	4	(415)	(891)
Loss for the year		**(409)**	**(891)**

Loss for the year is attributable to the equity shareholders and relates to continuing operations..

The notes on pages 11 to 17 form part of the financial statements.

Statement of Other Comprehensive Income
for the year ended 31 December 2014

The Company had no comprehensive expense for the years ended 31 December 2014 and 31 December 2013 other than the loss for the year. A separate statement of other comprehensive income has therefore not been prepared.

Statement of Financial Position
as at 31 December 2014

	Note	2014 $000	2013 $000
Non-current assets			
Investments in subsidiaries	6	18,827	18,827
Deferred tax assets	5	6,604	7,019
Current assets			
Amounts owed by group companies	10	3,701	3,742
Total assets		**29,132**	**29,588**
Non-current liabilities			
Payables	7	782	829
Total liabilities		**782**	**829**
Net assets		**28,350**	**28,759**
Equity			
Share capital	8	17,868	17,868
Retained earnings		10,482	10,891
Total equity		**28,350**	**28,759**

The notes on pages 11 to 17 form part of the financial statements.

These financial statements were approved by the Board of Directors on 3 September 2015, and were signed on its behalf by:

A S Chambers
Director

Statement of Changes in Equity
for the year ended 31 December 2014

	Share capital $000	Retained earnings $000	Total equity $000
Balance at 1 January 2013	17,868	11,782	29,650
Total comprehensive income	-	(891)	(891)
Balance at 31 December 2013/ 1 January 2014	**17,868**	**10,891**	**28,759**
Total comprehensive income	-	(409)	(409)
Balance at 31 December 2014	**17,868**	**10,482**	**28,350**

The notes on pages 11 to 17 form part of the financial statements.

Statement of Cash Flows
for the year ended 31 December 2014

	Note	2014 $000	2013 $000
Cash flows from operating activities			
Profit before tax		6	-
Intercompany payment in respect of group tax relief		-	7
Effect of exchange rate change on cash and cash equivalents		(47)	17
Net cash (used in)/from operating activities		**(41)**	**24**
Net cash (decrease)/increase in cash and cash equivalents		**(41)**	**24**
Cash and cash equivalents at beginning of year		3,742	3,718
Cash and cash equivalents at end of year	9	**3,701**	**3,742**

The notes on pages 11 to 17 form part of the financial statements.

Notes to the Financial Statements
for the year ended 31 December 2014

1. Principal accounting policies

Statement of compliance
The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) Interpretations as adopted by the European Union (EU) (together 'adopted IFRS').

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare consolidated group accounts. These financial statements present information about the Company as an individual undertaking and not of its group.

Basis of preparation
At 31 December 2014, the Company had adopted all IFRS and interpretations that had been issued by the International Accounting Standards Board (IASB) and IFRIC, and endorsed by the EU. As the Directors intend to liquidate the company, the financial statements have been prepared on a basis other than that of going concern. The accounting policies set out below have been applied consistently across the Company and to all periods presented in these financial statements. The Company financial statements have been prepared on an historical cost basis.

Functional currency
Items included in the Company financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency of that entity). The Company's functional and presentational currency is the United States Dollar (USD or $). All financial information presented in USD has been rounded to the nearest thousand, except when otherwise indicated.

Investments
Investment in subsidiary undertakings are stated at cost less impairment and dividends from pre-acquisition profits received prior to 01 January 2010, if any.

Subsidiaries are all entities, including structured entities, which the Company controls. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee.

Dividends
Dividends paid on the Company's ordinary equity shares are recognised in the period in which they are declared. Dividends received on equity instruments are recognised in the income statement when the Company's right to receive payment is established.

Taxation
Income tax on profit or loss for the year comprises current and deferred tax and is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and balances with Standard Chartered Bank and callable on demand.

Recently issued accounting pronouncements
The following pronouncements relevant and applicable to the Company had been issued as at 31 December 2014 but have effective dates for periods beginning after 31 December 2014. The use of IFRS and IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted.

The full impact of these IFRS and IFRIC Interpretations has been assessed by the Company; none of these pronouncements are expected to result in any adjustments to the financial statements.

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

1. Principal accounting policies (continued)

Recently issued accounting pronouncements (continued)

Pronouncement	Description of impact	Mandatory effective date for the Company
IFRS 9 - Financial Instruments (Classification and Measurement)	IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and introduce new requirements for the classification and measurement of financial assets and financial liabilities, a new model for recognising loan loss provisions based on expected losses and provide for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.	01 January 2018
IFRS 10 and IAS 28 - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	The IASB has issued "Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)." The amendments address a conflict between the requirements in IAS 28, "Investments in Associates and Joint Ventures," and those in IFRS 10, "Consolidated Financial Statements." Specifically, they clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.	01 January 2016
IFRS 10, IFRS 12 and IAS 28 - Investment Entities: Applying the Consolidation Exception	The IASB has published "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)." The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.	01 January 2016

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

1. Principal accounting policies (continued)

Recently issued accounting pronouncements (continued)

IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations	Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) amends IFRS 11 such that the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs with the exception of those principles that conflict with the guidance in IFRS 11. The pronouncement is not expected to have an impact on the Company.	01 January 2016
IFRS 14 - Regulatory Deferral Accounts issued	IFRS 14 Regulatory Deferral Accounts permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Regulatory deferral account balances, and movements in them, are presented separately in the statement of financial position and statement of profit or loss and other comprehensive income, and specific disclosures are required. The standard is not expected to have a material impact on the Company.	01 January 2016
IAS 27 - Equity Method in Separate Financial Statements	The International Accounting Standards Board (IASB) has published 'Equity Method in Separate Financial Statements (Amendments to IAS 27)'. The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The *amendments are effective for annual periods beginning on or after* 1 January 2016, with earlier application being permitted	01 January 2016

2. Auditor's remuneration

The auditor's remuneration of $12,173 (2013: $12,173) was borne by Standard Chartered Bank.

3. Directors' emoluments

None of the Directors received any fees or emoluments for performing services as a director of the Company during the year (2013:nil)

4. Taxation

Analysis of taxation charge for the year

	2014 $000	2013 $000
Current tax:		
United Kingdom corporation tax at 21.5% (2013: 23.25%)		
Current tax on income for the year	-	-
Adjustments in respect of prior periods	-	-
Deferred tax:		
Origination/ reversal of temporary differences	415	891
Adjustments in respect of prior periods	-	-
Tax on profits on ordinary activities	**415**	**891**

4. Taxation (continued)

Explanation of the relationship between tax charge and accounting profit

	2014 $000	2013 $000
Profit on ordinary activities before taxation	6	-
Tax charge at 21.5% (2013: 23.25%)	1	-
Effects of:		
Post liquidation dividend	(1)	-
Tax rate change	-	1,052
Foreign exchange on capital losses	414	(161)
Utlisation of carry forward capital losses	1	-
Tax on profits on ordinary activities	**415**	**891**

On 5 December 2012, the UK government announced a further reduction in the main rate of UK corporation tax of 1 percent with effect from 1 April 2014, in addition to the stepped reductions previously announced. The combined effect of the reductions is to lower the main rate of UK corporation tax from 24 percent in 2012-13 to 23 percent in 2013-14, 21 percent in 2014-15 and 20 per cent in 2015-16. All tax rates changes have been substantively enacted as at 31 December 2014, giving a blended rate of 21.5 per cent for the year ended 31 December 2014.

5. Deferred tax assets

The following are the major deferred tax assets recognised by the Company

	2014 $000	2013 $000
Capital losses	6,604	7,019
Deferred tax asset	**6,604**	**7,019**

The Company recognised deferred tax asset on capital losses that are expected to be recovered against future capital gains on available for sale assets held by the SCB group and is expected to be utilised in the near future.

The movement in net deferred tax asset comprises:

	2014 $000	2013 $000
At 1 January	7,019	7,910
Credit for foreign exchange movement	(414)	(891)
Credit for utilisation of carry forward capital losses	(1)	-
At 31 December	**6,604**	**7,019**

6. Investment in subsidiaries

	2014 $000	2013 $000
Cost at 1 January	20,132	20,132
Cost at 31 December	**20,132**	**20,132**
Impairment at 1 January	(1,305)	(1,305)
Impairment at 31 December	**(1,305)**	**(1,305)**
Net book value at 31 December	**18,827**	**18,827**

The subsidiary undertakings of the Company are as follows:

Investment	Place of incorporation	% Holding 2014	% Holding 2013	Class of shares held	Principal activity
Standard Chartered Equitor Limited	England and Wales	100	100	Ordinary shares	Holding company
Standard Chartered (SFD No.1) Limited (dissolved on 14/07/2015)	England and Wales	89	89	Ordinary shares	Securities business
Standard Chartered (SFD No.1) Limited (dissolved on 14/07/2015)	England and Wales	100	100	Preference shares	Holding company

7. Payables

	2014 $000	2013 $000
Redeemable preference shares	782	829
	782	**829**

Redeemable preference shares
The Company has issued 500,000 £1 preference shares to Standard Chartered PLC with a face value of In accordance with the Company's Articles of Association the cumulative redeemable preference shares are redeemable at par at any time by either the Company or the holder of the preference shares giving not less than 30 days notice. The preference shares are redeemable out of distributable profits.

The preference dividend payment terms
The preference dividends are paid out of non-group profits and no preferential dividend shall be paid in respect of any dividend received by the company. The preferential shares do not confer a further right to participate in the profits of the Company.

Notes to the Financial Statements (continued)

for the year ended 31 December 2014

8. Share capital

	2014 $000	2013 $000
Issued and fully paid		
2,000,000 (2013: 2,000,000) Ordinary shares shares of £5.00, totalling £10,000,000	17,868	17,868

The nominal value of the authorised and issued shares is denominated in GBP. As a result of the transition to adopt the share capital has been presented in USD at the historical rate at the date of issue.

9. Cash and cash equivalents

	2014 $000	2013 $000
Amounts owed by group companies	3,701	3,742
Cash and cash equivalents	**3,701**	**3,742**

10. Related parties

Directors and officers
None of the Directors or officers received any fees or emoluments from the Company during the year (2013: nil).

Company

	2014 $000	2013 $000
Assets		
Standard Chartered Bank - non interest bearing	3,701	3,742
	3,701	**3,742**

The Company paid no dividend during the year (2013: nil).
The Company had an amount due from Standard Chartered Bank of $3,701,000 (2013: $3,742,000) and had borrowed funds in the form of preference shares of $782,000 from Standard Chartered PLC (see note 7).

11. Risk management

(a) Credit risk
Credit risk arises from the possibility that the counterparty in a transaction may default. The Company's credit risk is primarily attributable to amounts due from other Group undertakings, Standard Chartered Group has policies and procedures in place to manage risk so that the credit risk from amounts owed by Group undertakings is not considered significant.

(b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as both investing and funding decisions are within the control of the ultimate parent undertaking.

11. Risk management (continued)

(c) Foreign currency risk

Most of the net assets of the Company are denominated in United States dollars ("USD").

(d) Market risk

Market risk is the exposure created by potential changes in market prices and rates. The Company is not exposed to any significant market risk. The Company has no significant exposures as its transactions and balances are confined within the group.

12. Ultimate holding and parent undertaking of larger group

The Company is an immediate subsidiary undertaking of Standard Chartered UK Holdings Limited a company incorporated in England. The smallest group in which the results of the Company are consolidated is that headed by Standard Chartered Bank. The ultimate holding company is Standard Chartered PLC registered in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by Standard Chartered PLC. The consolidated financial statements of this company are available to the public and may be obtained from the Company Secretary at 1 Basinghall Avenue, London EC2V 5DD.

13. Capital management

The Company's primary objective in respect of capital management is to ensure that it has sufficient capital now and in the future to support the risks in the business.

The Company is not subject to externally imposed capital requirements in either the current year or the prior year, other than the minimum share capital required by the Companies Act with which it complies. The Company manages its ordinary share capital in order that there is sufficient capital, in the opinion of the Directors, to support the transactions and level of business undertaken by the Company.

14. Post balance sheet event

On 8 July the UK government announced planned reductions in the main rate of UK corporation tax. The effect of these reductions is to lower the rate to 19 per cent in 2017-18 and to 18 per cent in 2020-21. These rate changes have not been substantively enacted at the balance sheet date and accordingly these changes have not been reflected in these Financial Statements. It is estimated that the impact of these changes will not be material to these Financial Statements.

The Company's' subsidiary, Standard Chartered (SFD No.1) Limited, was dissolved on 14 July 2015. On 12 August 2015, the Company's subsidiary, Standard Chartered Equitor Limited, reduced its ordinary share capital by cancelling and extinguishing 23,207,067 ordinary shares of £1 each, returning the excess capital of $18,827,000 and paying up a dividend of $7,034,000 to the Company. The Company has a current investment in Standard Chartered Equitor Limited of $2.