# Standard Chartered (GCT) Limited

## Strategic Report, Directors' Report and Financial Statements

## For the year ended 31 December 2015

**Registered Number: 02605822**

# Contents

# Strategic Report

**Principal objectives and strategies**
The principal activity of Standard Chartered (GCT) Limited (the "Company") throughout the year was that of a holding company. The Company has investments in Saudi Arabia and United Kingdom with the principle purpose of earning dividends from these investments.

Given the nature of business conducted by the Company, the key performance indicator used by management in assessing the performance of the Company is the monitoring of the net return on the specific underlying investments which the Company has entered into. Monthly management accounts are prepared and reviewed by the management of the Standard Chartered Group in which this Company resides. The Company forms part of the Standard Chartered Group however this is expected to change in the foreseeable future as the Directors intend to liquidate the Company as explained in note 1.

**Economic environment**
As a holding company, economic environment does not directly affect the Company; however, given the geographical diversity of the underlying investments, it is indirectly impacted through changes in the economic environment in which each direct or indirect subsidiary operates. The management of each individual subsidiary is responsible for devising appropriate strategies in line with the economic environment it operates in.

**Principal risks and uncertainties**
The nature of the business is that of a holding company. The Company is currently not trading, therefore the principal risk facing the entity is that of a fall in value of the underlying investment and dividend remittance restrictions in the jurisdictions in which the Company's subsidiaries operate. This risk is mitigated by creating structures where such companies where dividend restrictions exist are transferred to other companies within the Standard Chartered Group. During the year, no such risks caused any significant uncertainty for the Company's business.

**Business review**
The Company made no profit or loss during the year (2014: nil).
The Company received and paid no dividend during the year (2014: nil).

**Employees**
The Company has no employees (2014: nil).

By order of the board

B A McAll
Director
Company registration number - 02605822
Date: 16 August 2016

1 Basinghall Avenue
London
EC2V 5DD
UK

# Directors' Report

The Directors present their report together with the Company's Financial Statements for the year ended 31 December 2015.

**Financial instruments**
Financial instruments entered into during the year comprised amounts due from the Company's parent undertaking.

**Results**
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.

**Going concern**
The Company no longer adopts the going concern basis in preparing the Financial Statements since the Directors intend to commence the liquidation of the Company within the foreseeable future. Further details are in note 1.

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

B A McAll
P S Chambers
T Lord, alternate Director to P S Chambers

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

**Employees**
Please refer to strategic report on page 3.

**Risk management**
The risk management objectives of the Company are set out in note 9.

**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**
KPMG Audit Plc resigned as auditor pursuant to section 516 of the Companies Act 2006. The Directors appointed KPMG LLP as auditor of the company to fill the casual vacancy as auditor under section 485(3) of the Companies Act 2006. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be appointed and KPMG LLP will therefore continue in office.

By order of the board

B A McAll
Director
Company registration number - 02605822
Date: 16 August 2016

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 International Financial Reporting Standards (IFRS) as adopted by the European Union (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 IFRS 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 Standard Chartered (GCT) Limited

We have audited the Financial Statements of Standard Chartered (GCT) Limited (the "Company") for the year ended 31 December 2015 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 (IFRS) 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 2015 and of its result for the year then ended;
- have been properly prepared in accordance with IFRS 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.

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

16 August 2016

# Income Statement
for the year ended 31 December 2015

During the financial year and the preceding financial year the Company did not trade and received no income and incurred no expenditure. Consequently during those years, the Company made neither a profit nor a loss.

The notes on pages 11 to 17 form part of the Financial Statements.

# Statement of Other Comprehensive Income
for the year ended 31 December 2015

The Company had no comprehensive income or expense for the years ended 31 December 2015 and 31 December 2014. A separate statement of other comprehensive income has therefore not been prepared.

# Statement of Financial Position
as at 31 December 2015

| | Note | 2015 $000 | 2014 $000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Investments in subsidiaries | 5 | 326 | 326 |
| **Current assets** | | | |
| Amounts owed by group companies | 8 | 54,983 | 54,983 |
| **Total assets** | | **55,309** | **55,309** |
| **Net assets** | | **55,309** | **55,309** |
| **Equity** | | | |
| Share capital | 6 | 53,391 | 53,391 |
| Retained earnings | | 1,918 | 1,918 |
| **Total equity** | | **55,309** | **55,309** |

The notes on pages 11 to 17 form part of the Financial Statements.

These Financial Statements were approved by the Board of Directors on 16 August 2016, and were signed on its behalf by:

P S Chambers
Director

## Statement of Changes in Equity
for the year ended 31 December 2015

| | Share capital $000 | Retained earnings $000 | Total equity $000 |
|---|---|---|---|
| Balance at 1 January 2014 | 53,391 | 31,918 | 85,309 |
| Dividend paid | - | (30,000) | (30,000) |
| **Balance at 31 December 2014/ 1 January 2015** | **53,391** | **1,918** | **55,309** |
| **Balance at 31 December 2015** | **53,391** | **1,918** | **55,309** |

The notes on pages 11 to 17 form part of the Financial Statements.

# Statement of Cash Flows
for the year ended 31 December 2015

| | Note | 2015 $000 | 2014 $000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Dividend paid | | - | (30,000) |
| **Net cash from financing activities** | | **-** | **(30,000)** |
| **Net cash decrease in cash and cash equivalents** | | **-** | **(30,000)** |
| Cash and cash equivalents at beginning of year | | 54,983 | 84,983 |
| **Cash and cash equivalents at end of year** | 7 | **54,983** | **54,983** |

The notes on pages 11 to 17 form part of the Financial Statements.

# Notes to the Financial Statements
for the year ended 31 December 2015

## 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 2015, the Company had adopted all IFRS and interpretations that had been issued by the International Accounting Standards Board (IASB) and IFRIC, and adopted 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 a historical cost basis.

### Uses of estimates and judgements
The preparation of the Financial Statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

### 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 callable on demand or with less than three months maturity from the date of acquisition, including cash and balances with Standard Chartered Bank.

## 1. Principal accounting policies (continued)

**Recently issued accounting pronouncements**
The following pronouncements relevant and applicable to the Company had been issued as at 31 December 2015 but have effective dates for periods beginning after 31 December 2015. The use of IFRS and IFRIC Interpretations that have yet to be adopted 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.

| 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.<br><br>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.<br><br>There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.<br><br>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, 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 |
| 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 IFRS 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 |

# Notes to the Financial Statements (continued)

for the year ended 31 December 2015

## 1. Principal accounting policies (continued)

### Recently issued accounting pronouncements (continued)

| | | |
|---|---|---|
| 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.<br><br>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 |
| IFRS 15 – Revenue from Contracts with Customers | The standard provides a principles-based approach for revenue recognition, and introduces the concept of recognising revenue for obligations as they are satisfied. The standard must be applied retrospectively.<br><br>Whilst it is expected that a significant proportion of the Group's revenue will be outside the scope of IFRS 15, the impact of the standard is currently being assessed. It is not yet practicable to quantify the effect of IFRS 15 on these Financial Statements. IFRS 15 has not yet been adopted by the EU. | 01 January 2018 |
| IFRS 16 – Leases | IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.<br><br>IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.<br><br>The impact of the standard is currently being assessed. It is not yet practicable to quantify the effect of IFRS 16 on these Financial Statements. | 01 January 2019 |
| IAS1 Disclosure initiative | In December 2014, the IASB issued amendments to IAS 1 to further encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their Financial Statements | 01 January 2016 |

# Notes to the Financial Statements (continued)

for the year ended 31 December 2015

**1. Principal accounting policies (continued)**

**Recently issued accounting pronouncements (continued)**

| | | |
|---|---|---|
| IFRS 10 and IAS 28 - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture | On 11 September 2014, 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 in Effective Date of Amendments to IFRS 10 and IAS 28 defer the effective date of the September 2014 amendments to these standards indefinitely until the research project on the equity method has been concluded. Earlier application of the September 2014 amendments continues to be permitted. | Unknown date of application |

**2. Auditor's remuneration**

The auditor's remuneration of $12,989 (2014: $10,387) was borne by Standard Chartered Bank.

**3. Directors' emoluments**

None of the Directors or officers received any fees or emoluments in respect of qualifying services to the Company during the year (2014: nil)

**4. Taxation**

There was no tax balance to be reported in 2015 (2014: nil).

On 5 December 2012, the UK government announced reductions in the UK corporation tax rate to 23 percent in 2013-14, 21 percent in 2014-15 and 20 percent in 2015-16.

On 8 July 2015, the UK government announced changes to tax rates the effect of these reductions is to lower the rate to 19 percent in 2017-18 and to 18 percent in 2020-21.

All tax rates changes have been substantively enacted as at 31 December 2015 giving a blended rate of 20.25% for the year ended 31 December 2015.

On 16 March 2016, the UK government announced a further one percent reduction in the main rate of UK corporation tax in 2020-21, the effect of this reduction is to lower the rate to 17 percent in 2020-21. This rate change has not been substantively enacted at the balance sheet date and accordingly these changes have not been reflected in these Financial Statements. This change will not impact these Financial Statements as there is no deferred tax balance.

# Notes to the Financial Statements (continued)
for the year ended 31 December 2015

## 5. Investment in subsidiaries

| | 2015 $000 | 2014 $000 |
|---|---|---|
| Cost and net book value at 1 January | 326 | 326 |
| **Cost and net book value at 31 December** | **326** | **326** |

The subsidiary undertakings of the Company are as follows:

| Investment | Place of incorporation | % Holding 2015 | % Holding 2014 | Principal activity |
|---|---|---|---|---|
| Standard Chartered Leasing (UK) Limited | England & Wales | 100.00 | 100.00 | Investment holding company |
| Standard Chartered Capital (Saudi Arabia) | Saudi Arabia | 1.25 | 1.25 | Securities business |

## 6. Share capital

| | 2015 $000 | 2014 $000 |
|---|---|---|
| **Issued and fully paid** | | |
| 29,880,000 (2014: 29,880,000) Ordinary shares of £1.00, totalling £29,880,000 | 53,391 | 53,391 |

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.

## 7. Cash and cash equivalents

| | 2015 $000 | 2014 $000 |
|---|---|---|
| Amounts owed by group companies | 54,983 | 54,983 |
| **Cash and cash equivalents** | **54,983** | **54,983** |

## 8. Related parties

**Directors and officers**
None of the Directors or officers received any fees or emoluments in respect of qualifying services to the Company during the year (2014: nil).

**Company**

| | 2015 $000 | 2014 $000 |
|---|---|---|
| **Assets** | | |
| Standard Chartered Bank - non interest bearing | 54,983 | 54,983 |
| | **54,983** | **54,983** |

The Company had an amount due from Standard Chartered Bank of $54,983,000 (2014: $54,983,000) which is non interest bearing and repayable on demand.

## 9. 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.

**(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.

## 10. Ultimate holding and parent undertaking of larger group

The Company is a subsidiary undertaking of Standard Chartered Bank a company incorporated in England with limited liability by Royal Charter. 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.

## 11. 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.

# Notes to the Financial Statements (continued)

for the year ended 31 December 2015

**12. Post balance sheet event**

There is no post balance sheet event to report.