

**J.P. MORGAN WHITEFRIARS (UK)**  
(Registered Number: 2860996)

**Annual report for the year ended 31 December 2015**



**J.P. MORGAN WHITEFRIARS (UK)**  
**Annual report for the year ended 31 December 2015**

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# **J.P. MORGAN WHITEFRIARS (UK)**

## **Strategic report for the year ended 31 December 2015**

The directors present their strategic report of JP Morgan Whitefriars (UK) (the Company) for the year ended 31 December 2015. The Company is a wholly-owned indirect subsidiary of JPMorgan Chase Bank N.A., which is one of the principal subsidiaries of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase").

### **Principal activity**

The Company's principal activity is that of an investment holding company.

### **Adoption of new financial reporting standards**

The Financial Reporting Council issued new financial reporting standards ("FRSs") in the UK and Republic of Ireland for accounting periods beginning on or after 1 January 2015. The new standards fundamentally reform United Kingdom Generally Accepted Accounting Practices ("UK GAAP"), replacing the previous standards ("previous UK GAAP").

The Company has adopted FRS 101 "Reduced Disclosure Framework" ("FRS 101"), with a transition date of 1 January 2014. FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union with reduced disclosures.

Unless otherwise stated, all amounts in these financial statements are reported in accordance with FRS 101, and the terms FRS 101 and UK GAAP are used interchangeably. The detailed effect of the adoption of FRS 101 on the Company's financial statements is described in note 18.

### **Review of business and future outlook**

The directors were satisfied with the performance of the Company. The results and the position of the Company for the year ended 31 December 2015 have been included in the Directors' report. The directors do not expect any change in the Company's activities in the coming year.

On 23 June 2016, the United Kingdom ("UK") conducted a referendum and voted to leave the European Union. Many international banks, including the Firm, operate substantial parts of their European Union business from entities based in the UK. Upon the UK leaving the European Union, the regulatory and legal environment that would then exist, and to which the Firm's U.K. operations would then be subject, will depend on, in certain respects, the nature of the arrangements agreed with the European Union and other trading partners.

These arrangements cannot be predicted, but currently the Firm does not believe any of the likely identified scenarios would threaten the viability of the Firm's business units or the Firm's ability to serve clients across the European Union and in the UK. However, it is possible that under some scenarios, changes to the Firm's legal entity structure would be required, which might result in a less efficient operating model across the Firm's European legal entities.

Directors do not at this time foresee any material impact to the Company's financial position, business model and risks in the medium term.

As part of the Firm's legal entity rationalisation efforts aimed at enhancing the Firm's resolvability, management are considering plans to simplify the UK legal entity structure that may result in the liquidation of the Company. The finalisation and execution of the plan is subject to completion of legal and regulatory requirements and receipt of all necessary regulatory approvals. As such, material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern. However, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis as no decision has been taken at this time.

### **Principal risks and uncertainties**

Whilst management of the Company's risks and uncertainties is integrated with that of the Firm, the Company also manages certain risks at a legal entity level through regular Board meetings. The Company is a holding company and its primary risk lies in the value of its investments in subsidiaries. An impairment assessment of the value of investments in subsidiaries is conducted annually.

**J.P. MORGAN WHITEFRIARS (UK)**  
**Strategic report for the year ended 31 December 2015 (continued)**

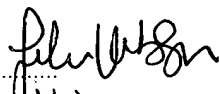
**Key performance indicators (KPIs)**

The results are monitored against expectations of the business activities. Some of the KPIs that are used to monitor the performance of the Company are set out below:

	<u>2015</u>	<u>2014</u>
<b>Earnings</b>		
Profit for the financial year (\$'000)	15,376	158,414
<b>Capital &amp; Balance sheet</b>		
Total assets (\$'000)	3,972,813	3,953,695
Return on assets (%)	0.38%	4%

Approved by the Board of Directors and signed on behalf of the Board by a Director of the Company.

Director

  
.....  
John Hobson  
21/09/2016

## **J.P. MORGAN WHITEFRIARS (UK)**

### **Directors' report for the year ended 31 December 2015**

The directors present their report and the audited financial statements of JP Morgan Whitefriars (UK) (the "Company") for the year ended 31 December 2015. The Company's registration number is 2860996. The Company is a wholly-owned indirect subsidiary of JPMorgan Chase Bank N.A., which is one of the principal subsidiaries of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm" or "JPMorgan Chase").

#### **Results and dividends**

The results for the year are set out on page 7 and show the Company's profit for the financial year is \$15.4m (2014: \$158.4m). No dividends were received during the year (2014: \$156.6m) and no dividends were paid (2014: \$600.0m).

#### **Post balance sheet event**

On 9 May 2016, the Company received preference dividends of \$156,592,000 (\$1,565.92 per share), from J.P. Morgan Chase International Holdings.

#### **Share capital and reserves**

Total share capital and reserves of the Company amounted to \$3,967.2m as at 31 December 2015 (2014: \$3,951.9m).

#### **Directors**

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

J.R. Hobson	(Appointed 17 June 2015)
A.J. Clennell	(Resigned 17 June 2015)
S.M. White	

#### **Directors' interests**

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

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 "Reduced Disclosure Framework" ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **J.P. MORGAN WHITEFRIARS (UK)**

## **Directors' report for the year ended 31 December 2015 (continued)**

### **Disclosure of information to auditors**

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

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

### **Qualifying third party indemnity provision**

An indemnity is provided to the directors of the Company under the By-laws of JPMorgan Chase against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity remains in force at the date of these financial statements and a copy of the By-laws of JPMorgan Chase is kept at the registered office of the Company.

### **Company secretary**

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

JP Morgan Secretaries (UK) Limited.

### **Registered address**

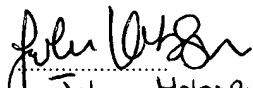
25 Bank Street  
Canary Wharf  
London E14 5JP  
England and Wales

### **Independent auditors**

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

**Approved by the Board of Directors and signed on behalf of the Board by a Director of the Company.**

**Director**

  
John Hobson  
21/09/2016

# **Independent auditors' report to the members of J.P. Morgan Whitefriars (UK)**

## **Report on the financial statements**

### **Our opinion**

In our opinion, J.P. Morgan Whitefriars (UK)'s financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of the 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.

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 19 to the financial statements concerning the company's ability to continue as a going concern. Management are considering plans to simplify the UK legal entity structure that may result in the liquidation of the company. The finalisation and execution of the plans is subject to completion of legal and regulatory requirements and receipt of all necessary regulatory approvals. These conditions, along with the other matters explained in note 19 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **What we have audited**

The financial statements, included within the Annual Report, comprise:

- the balance sheet as at 31 December 2015;
- the income statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **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.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## Independent auditors' report to the members of J.P. Morgan Whitefriars (UK) (continued)

### Responsibilities for the financial statements and the audit

#### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

#### What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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Paolo Taurae (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountant and Statutory Auditors

London 21 September 2016



**J.P. MORGAN WHITEFRIARS (UK)**  
**Income Statement for the year ended 31 December 2015**

		2015	2014
	Notes	\$'000	\$'000
Operating income	5	—	1
Other income	6	17,218	40
Dividend income	12	—	156,592
<b>Operating profit</b>		<b>17,218</b>	<b>156,633</b>
Interest receivable and similar income	8	2,695	2,173
Interest payable and similar charges	9	—	(33)
<b>Profit on ordinary activities before taxation</b>	<b>10</b>	<b>19,913</b>	<b>158,773</b>
Tax on profit on ordinary activities	11	(4,537)	(359)
<b>Profit for the financial year</b>		<b>15,376</b>	<b>158,414</b>

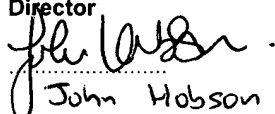
There were no other items of comprehensive income or expense and therefore, no statement of comprehensive income or expense has been separately presented.

The notes on pages 10 - 16 form an integral part of these financial statements.

**J.P. MORGAN WHITEFRIARS (UK)**  
**Balance sheet as at 31 December 2015**

		2015	2014
	Notes	\$'000	\$'000
<b>Fixed assets</b>			
Investments in JPMorgan Chase undertakings	12	1,957,400	1,957,400
<b>Current assets</b>			
Debtors	13	2,014,876	1,992,850
Cash at bank and in hand	14	537	3,445
		<b>2,015,413</b>	<b>1,996,295</b>
Creditors: amounts falling due within one year	15	(5,554)	(1,812)
<b>Net current assets</b>		<b>2,009,859</b>	<b>1,994,483</b>
<b>Total assets less current liabilities</b>		<b>3,967,259</b>	<b>3,951,883</b>
<b>Net assets</b>		<b>3,967,259</b>	<b>3,951,883</b>
<b>Equity</b>			
Called-up share capital	16	15,000	15,000
Capital Contribution Reserve		1,500,000	1,500,000
Other reserves		1,974,906	1,974,906
Retained earnings		477,353	461,977
<b>Total equity</b>		<b>3,967,259</b>	<b>3,951,883</b>

The financial statements on pages 7 to 16 were approved by the Board of Directors on 21/09 2016 and signed on its behalf by:

Director  
  
 John Hobson  
 21/09/2016

The notes on pages 10 - 16 form an integral part of these financial statements.

## J.P. MORGAN WHITEFRIARS (UK)

### Statement of changes in equity for the year ended 31 December 2015

	Called-up share capital	Capital contribution reserve	Other reserves	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 January 2014</b>	<b>15,000</b>	<b>1,500,000</b>	<b>1,974,906</b>	<b>903,563</b>	<b>4,393,469</b>
Profit for the year	—	—	—	158,414	158,414
Dividends paid	—	—	—	(600,000)	(600,000)
<b>Balance as at 31 December 2014</b>	<b>15,000</b>	<b>1,500,000</b>	<b>1,974,906</b>	<b>461,977</b>	<b>3,951,883</b>
Profit for the year	—	—	—	15,376	15,376
<b>Balance as at 31 December 2015</b>	<b>15,000</b>	<b>1,500,000</b>	<b>1,974,906</b>	<b>477,353</b>	<b>3,967,259</b>

The notes on pages 10 - 16 form an integral part of these financial statements.

# J.P. MORGAN WHITEFRIARS (UK)

## Notes to the financial statements for the year ended 31 December 2015

### 1. General information

The Company is a private unlimited company incorporated and domiciled in England and Wales. The address of its registered office is 25 Bank Street, Canary Wharf, London, E14 5JP. The Company is a wholly-owned indirect subsidiary of JPMorgan Chase Bank N.A., which is one of the principal subsidiaries of JPMorgan Chase & Co. (the "Firm" or "JPMorgan Chase"). The Company's immediate parent undertaking is J.P. Morgan Whitefriars Inc., incorporated in the state of Delaware in the United States of America. The Company's ultimate parent undertaking and the parent undertaking of the only group in which the results of the Company are consolidated, is JPMorgan Chase & Co., which is incorporated in the state of Delaware in the United States of America. The consolidated financial statements of the Firm can be obtained from the Company's registered office.

### 2. Basis of preparation

The Financial Reporting Council revised financial reporting standards ("FRSs") in the UK and Republic of Ireland for accounting periods beginning on or after 1 January 2015. The revisions fundamentally reform United Kingdom Generally Accepted Accounting Practices ("UK GAAP"), replacing the previous standards ("previous UK GAAP").

These financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101"). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as adopted by the European Union with reduced disclosures. The Company has adopted FRS 101 with a transition date of 1 January 2014. The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable to Companies under FRS 101. As part of the Firm's legal entity rationalisation efforts aimed at enhancing the Firm's resolvability, management are considering plans to simplify the UK legal entity structure that may result in the liquidation of the Company. The finalisation and execution of the plan is subject to completion of legal and regulatory requirements and receipt of all necessary regulatory approvals. As such, material uncertainty exists that may cast significant doubt about the entity's ability to continue as a going concern. However, the Directors have concluded that it is appropriate to prepare these financial statements on a going concern basis as no decision has been taken at this time.

There was no impact on the Company's balance sheet and income statement as a result of adopting FRS 101.

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

- Comparative information disclosures (paragraph 38 of IAS 1 'Presentation of financial statements' ("IAS 1")) for reconciliation of share capital (paragraph 79(a)(iv) of IAS 1);
- Statement of compliance with IFRS - paragraph 16, IAS 1;
- Third balance sheet on retrospective accounting policy changes, restatements, or reclassifications (paragraph 40A-D, IAS 1);
- Cash flow statement and related notes, IAS 7 'Cash flow statements';
- Disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8 'Accounting policies, changes in accounting estimates and errors');
- Key management compensation disclosures (paragraph 17, IAS 24 'Related Party Disclosures' ("IAS 24"));
- Related party transactions with wholly owned JPMorgan Chase undertakings (IAS 24);
- Disclosure requirements of IFRS 7 'Financial Instruments: Disclosures'; and
- Disclosure requirements of IFRS 13 'Fair Value Measurement' (paragraph 91 - 99 of IFRS 13).

### 3. Critical accounting estimates and judgements

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

### 4. Significant accounting policies

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

#### 4.1 Consolidation

The Company's immediate parent undertaking is J.P. Morgan Whitefriars Inc., incorporated in England and Wales<sup>1</sup>, and its ultimate parent undertaking is, JPMorgan Chase & Co. a company incorporated in the United States of America. It is included in the JPMorgan Chase & Co. 2015 Annual Report on Form 10-K which is publically available. Therefore, the Company has elected not to prepare group financial statements in accordance with the dispensation set out in Section 400 of the Companies Act 2006.

# J.P. MORGAN WHITEFRIARS (UK)

## Notes to the financial statements for the year ended 31 December 2015 (continued)

### 4. Significant accounting policies (continued)

#### 4.2 Foreign currency translation

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

Non-monetary items denominated in foreign currencies that are stated at historical cost are translated into US dollars at the exchange rate ruling at the date of the transaction.

The currency of the primary economic environment in which the Company operates is US dollars, which is the functional and presentation currency of the Company. The financial statements have been presented in US dollars.

#### 4.3 Income and expense recognition

Interest receivable and payable are recognised on an effective interest rate basis. Other income is recognised when the underlying contract becomes legally binding or at the agreed due date if later.

#### 4.4 Dividend recognition

Dividend income is recognised when the right to receive payment is established. Dividends are recognised at the fair value of the consideration received. Where the consideration received is an investment in share capital of an entity, the fair value is determined by the market value of the underlying net assets and businesses of the investee. Where the shares received are illiquid or unlisted and are not readily convertible to cash, the dividends are recognised in the statement of comprehensive income. Dividend distributions are recognised in the period in which they are declared and approved.

#### 4.5 Investment in JPMorgan Chase undertakings

Investments in JPMorgan Chase undertakings are stated at cost less provision for any impairment.

#### 4.6 Impairment

The Company assesses at each balance sheet date whether there is any objective evidence that Investments in JPMorgan Chase undertakings are impaired. The impairment review includes a comparison of the carrying amount with its recoverable amount, which is based on the net asset value of the investee company at the balance sheet date.

#### 4.7 Current tax

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

#### 4.8 Provisions for liabilities and charges

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

### 5. Operating income

	2015	2014
	\$'000	\$'000
Operating income	—	1
	—	1

The Company has disclosed operating income instead of turnover as this reflects more accurately the results and nature of the Company's activities.

**J.P. MORGAN WHITEFRIARS (UK)**  
**Notes to the financial statements for the year ended 31 December 2015 (continued)**

**6. Other income**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Other income	16,901	—
Foreign exchange translation gain	317	40
	<b>17,218</b>	<b>40</b>

Other income consists of \$12.7m in respect of FXO attributions from Firm undertakings relating to prior years and \$4.2m relating to defaulted bond position which the company inherited from Historical Proprietary Prime Brokerage. The position was held at \$nil due to the uncertainty in any future recoveries. However, in December 2015 the company received a liquidation settlement of \$4.2m in relation to the defaulted position.

**7. Directors emoluments**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Emoluments*	6	6
Total contributions to a defined contribution plan	—	1
Number of directors with shares received or receivable under LTIPs	3	3
Number of directors to whom defined contribution pension rights accrued	—	2

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

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

The directors are employees of other JPMorgan Chase undertakings and all expenses, including remuneration, are paid by those companies and not recharged.

**8. Interest receivable and similar income**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest receivable and similar income from other JPMorgan Chase undertakings	2,695	2,173

**9. Interest payable and similar charges**

	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest payable and similar charges payable to other JPMorgan Chase undertakings	—	33

**10. Profit on ordinary activities before taxation**

During the year, the auditors' remuneration of \$38,272 (2014: \$38,892) was met by another JPMorgan Chase undertaking and not recharged.

## J.P. MORGAN WHITEFRIARS (UK)

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 11. Tax on profit on ordinary activities

	2015	2014
	\$'000	\$'000
<b>(a) Analysis of tax charge for the year</b>		
<b>Current taxation</b>		
UK Corporation tax on profit for the year	2,621	462
Adjustments in respect of prior years	1,916	(103)
<b>Current tax charge for the year</b>	<b>4,537</b>	<b>359</b>
<b>Total current tax charge for the year</b>	<b>4,537</b>	<b>359</b>

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

The current tax charge for the year differs from the standard rate of corporation tax in the UK 20% reduced from 21% effective 1 April 2015. The differences are explained below:

	2015	2014
	\$'000	\$'000
Profit on ordinary activities before taxation	19,913	158,773
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in UK 20.25% (2014: 21.49%)	4,031	34,125
Non taxable income	(1,410)	(33,663)
Adjustment in respect of prior years	1,916	(103)
<b>Current tax charge for the year</b>	<b>4,537</b>	<b>359</b>

#### 12. Investments in JPMorgan Chase undertakings

	2015	2014
	\$'000	\$'000
At 1 January	1,957,400	1,957,400
At 31 December	1,957,400	1,957,400

The above investments are shown at cost less any provision for impairment. In the opinion of the directors, the value of the Company's investment in a group undertaking is not less than the amount at which it is stated in the balance sheet. The investment represents preference shares in JPMorgan Chase International Holdings. The Company did not receive any preference dividend during the year (2014: \$156.6m).

#### 13. Debtors

	2015	2014
	\$'000	\$'000
Other receivables	4,152	0
Amounts owed by other JPMorgan Chase undertakings	2,010,724	1,992,850
<b>Total</b>	<b>2,014,876</b>	<b>1,992,850</b>

## J.P. MORGAN WHITEFRIARS (UK)

### Notes to the financial statements for the year ended 31 December 2015 (continued)

#### 14. Cash at bank and in hand

All Bank balances are held with other JPMorgan Chase undertakings.

#### 15. Creditors: amounts falling due within one year

	2015	2014
	\$'000	\$'000
Amounts owed to other JPMorgan Chase undertakings	—	607
Other taxation and social security	5,554	1,205
	5,554	1,812

#### 16. Called-up share capital

	2015	2014
	\$'000	\$'000
<b>Issued and fully paid share capital</b>		
1,500 (2014: 1,500) Ordinary shares of \$10,000 each	15,000	15,000
2 (2014: 2) Ordinary shares £1 each	—	—

#### 17. Dividends paid

	2015	2014
	\$'000	\$'000
Ordinary shares	—	600,000

There was no dividend payment by the Company during the year (2014: \$600m)



**J.P. MORGAN WHITEFRIARS (UK)**  
**Notes to the financial statements for the year ended 31 December 2015 (continued)**

**18. Transition to FRS 101**

The following reconciliation sets out the impact on the Company's balance sheet as a result of adopting FRS 101 for the reporting period 31 December 2014, as well as the impact to equity as at 1 January 2014:

**Reconciliation of the balance sheet**

	Notes	At 1 January 2014			At 31 December 2014		
		As previously stated \$000	Effect of transition \$000	FRS 101 (as restated) \$000	As previously stated \$000	Effect of transition \$000	FRS 101 (as restated) \$000
<b>Assets</b>							
Cash at bank and in hand		2,704	—	2,704	3,445	—	3,445
Investment in group undertaking		1,957,400		1,957,400	1,957,400		1,957,400
Debtors		2,447,948	—	2,447,948	1,992,850	—	1,992,850
Other assets	a	13,942	(1,087)	12,855	—	—	—
<b>Total assets</b>		<b>4,421,994</b>	<b>(1,087)</b>	<b>4,420,907</b>	<b>3,953,695</b>	<b>—</b>	<b>3,953,695</b>
<b>Liabilities</b>							
Creditors: amounts falling due within one year	a	(73,254)	45,816	(27,438)	(46,541)	44,729	(1,812)
<b>Net Assets</b>		<b>4,348,740</b>	<b>44,729</b>	<b>4,393,469</b>	<b>3,907,154</b>	<b>44,729</b>	<b>3,951,883</b>
<b>Equity</b>							
Called-up share capital		15,000	—	15,000	15,000	—	15,000
Other reserves		3,474,906	—	3,474,906	3,474,906	—	3,474,906
Retained earnings	a	858,834	44,729	903,563	417,248	44,729	461,977
<b>Total equity</b>		<b>4,348,740</b>	<b>44,729</b>	<b>4,393,469</b>	<b>3,907,154</b>	<b>44,729</b>	<b>3,951,883</b>

- a. The Company has reviewed its prior year accrual for Stock NI adjustments and DVA re-class payable to a group company and concluded that such costs were no longer required. This resulted in a reversal to prior years retained earnings, as set out in the above transition reconciliation. For the period ended 31 December 2013, the accrued liabilities reversed to retained earnings was \$46 million and a tax liability of \$1 million was booked against the other asset.

## **J.P. MORGAN WHITEFRIARS (UK)**

### **Notes to the financial statements for the year ended 31 December 2015 (continued)**

#### **19. Post Balance sheet event**

On 9 May 2016, the Company received preference dividends of \$156,592,000 (\$1,565.92 per share), from J.P. Morgan Chase International Holdings.

On 23 June 2016, the United Kingdom ("UK") conducted a referendum and voted to leave the European Union. Many international banks, including the Firm, operate substantial parts of their European Union business from entities based in the UK. Upon the UK leaving the European Union, the regulatory and legal environment that would then exist, and to which the Firm's U.K. operations would then be subject, will depend on, in certain respects, the nature of the arrangements agreed with the European Union and other trading partners.

These arrangements cannot be predicted, but currently the Firm does not believe any of the likely identified scenarios would threaten the viability of the Firm's business units or the Firm's ability to serve clients across the European Union and in the UK. However, it is possible that under some scenarios, changes to the Firm's legal entity structure would be required, which might result in a less efficient operating model across the Firm's European legal entities.

Directors do not at this time foresee any material impact to the Company's financial position, business model and risks in the medium term.