

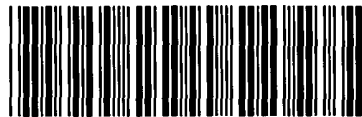
Standard Chartered Securities (Africa) Holdings Limited

Company registration number: 05843604

Annual financial statements

for the year ended 31 December 2019

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Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

Annual Financial Statements
for the year ended 31 December 2019

Directors	O Deji-Bejide (appointed on 2nd September 2019) H Heymans (resigned 5 th July 2019)
Nature of business	The company acts as an investment holding company
Secretary	SC (Secretaries) Limited
Auditors	KPMG LLP
Bankers	Standard Chartered Bank
Solicitors	Bowman Gilfillan Inc
Company registration number	05843604
Registered office	1 Basinghall Avenue London EC2V 5DD United Kingdom
Country of incorporation	United Kingdom

Strategic Report

for the year ended 31 December 2019

Principal objectives and strategy

The principal activity of Standard Chartered Securities (Africa) Holdings Limited (the "Company") throughout the year was that of a holding company. The Company has investments in Kenya and Nigeria with the principal purpose of earning dividends from these investments.

Given the nature of the 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 transaction which the Company has entered into. Monthly management accounts are prepared and reviewed by the management of the Standard Chartered PLC ("the Group") in which this Company resides. The Company forms part of the Group and this is not expected to change in the foreseeable future.

Economic environment

The Company has a significant investment of \$27.5 million (2018: \$27.5 million) in Nigeria through its subsidiary Standard Chartered Capital & Advisory (Nigeria) Limited ("SCS Nigeria"). The principal activity of SCS Nigeria is to provide corporate advisory services to corporate clients, including issuing house services and underwriting in Nigeria and West Africa.

Nigeria is one of the largest economies in Africa and continues to be the largest market in the region. SCS Nigeria's profit before tax dropped by 68% year on year, driven by lower fee income, while costs remained flat year on year. There are growth opportunities that the country still has for the SCS Nigeria entity, which through its corporate advisory services and capital market services provides advisory services to investors seeking to acquire interests in Nigeria and the West African economy. Covid-19 assessment was done based on Expected Credit Losses ("ECL") and it was found to be immaterial because it has Treasury Bills with the Federal Government of Nigeria that don't have material ECL risk. Covid-19 has impacted the global economy negatively with no exception to Nigeria. The impact is expected to be felt by SCS Nigeria clients directly and a delayed impact to the SCS Nigeria.

As a holding company, economic environment does not directly affect the Company; however given the geographical location of the underlying investment, it is indirectly impacted through changes in the local economic environment as detailed above. The management of the 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 of the Company is that of a holding company and not of trading.

Strategic Report

for the year ended 31 December 2019 (continued)

Principal risks and uncertainties (continued)

The principal risk facing the entity is that a fall in value of the investment and dividend remittance restrictions in the jurisdictions in which the Company's subsidiaries operate. The risk is mitigated by creating structures where dividends restrictions exist are transferred to other structures within the Group. During the year, no such risks caused any significant uncertainty for the Company's business.

Business review

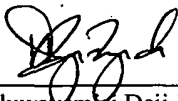
During the year, the Company reported a profit before tax of \$3.73 million (2018: \$1.90 million)

The Company has a non-interest-bearing loan of \$14.56 million (2018: \$14.56 million) from Standard Chartered Holdings (Africa) B.V, an intermediate company. This amount is repayable on demand.

Employees

The company has no employees (2018: Nil).

By order of the sole director:



Oluwayemisi Deji-Bejide
Director
Standard Chartered Securities (Africa) Holdings Limited
1 Basinghall Avenue
London
EC2V 5DD
United Kingdom

Standard Chartered Securities (Africa) Holdings Limited **(formerly First Africa Group Holdings Limited)**

Sole Directors' report

for the year ended 31 December 2019

The Sole Director present their report together with the audited financial statements of the Standard Chartered Securities (Africa) Holdings Limited for the year ended 31 December 2019.

Financial instruments

Financial instruments entered into during the year comprised of cash and cash equivalents, intergroup balances.

Results and dividends

The Company received dividends of \$3.65 million from Standard Chartered Capital & Advisory Nigeria Limited, during the year ended 31 December 2019 (2018: \$ 2.79 million). The results of the company are set out from page 9 to page 24. The Company has declared and paid no dividends during the year ended 31 December 2019 (2018: \$ nil)

Future developments

The principal activity of the Company will remain the same for the foreseeable future.

Directors and their interests

Particulars of the directors that served during the year and as at the date of this report are given on page 1.

The directors who held office during the period had no interest in the share capital of the Company.

Subsequent events

There are no material facts or circumstances which occurred between the end of the reporting period and the date when the financial statements are authorised for issue that would require adjustment to the financial statements.

Financial risk management

The risk management objectives of the Company are set out in note 15.

Payment of creditors

The company's policy with respect to the payment of suppliers is to pay creditors within 30 - 60 days of receipt of invoice.

Standard Chartered Securities (Africa) Holdings Limited **(formerly First Africa Group Holdings Limited)**

Directors' report

for the year ended 31 December 2019 (continued)

Going Concern

The directors have made an assessment covering a period of at least 12 months from the date of approval of these financial statements which indicates that, taking account of reasonably possible downsides, the Company has adequate resources to meet its liabilities as they fall due for that period. In preparing this assessment, the directors have considered the current economic uncertainty, in particular the effects of the novel coronavirus (COVID 19) outbreak, including the potential impact of COVID 19 on the ability of its subsidiary Standard Chartered Capital & Advisory (Nigeria) Limited to maintain dividend remittances. The directors do not expect the uncertainty to impact the Company's ability to meet its liabilities. The directors also note the Company's cash balance of \$6m is comfortably in excess of forecast expenses and non-group liabilities. With regards to the intercompany loan that is repayable on demand, the directors have obtained a letter of support indicating that the loan will not be called in the next 12 months.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis

Disclosure of information to the auditors

So far as the directors are each aware, there is no relevant audit information of which the company's auditors are unaware, and they have each taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Appointment of auditors

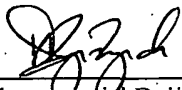
Pursuant to section 487 of the Companies Act 2006, KPMG LLP will cease to be the auditor of the company.

On 9 November 2017, the Group announced its intention to appoint EY as auditor. EY will become the Group auditor – therefore the Company's – statutory auditor for the year ending 31 December 2020.

Approval of financial statements

The financial statements for the year ended 31 December 2019, set out on pages 9 to 24 which are in agreement with the books of account at that date, were approved by the sole director on 23 October 2020 and are signed on its behalf by:

By order of the sole director:



Oluwafemi Deji-Bejide
Director

Registered no.: 05843604
1 Basinghall Avenue
London
EC2V 5DD
UK

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Registration 05843604

Standard Chartered Securities (Africa) Holdings Limited (formerly First Africa Group Holdings Limited)

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

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare 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 as adopted by the Europe Union (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, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless that they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Standard Chartered Securities (Africa) Holdings Limited **(formerly First Africa Group Holdings Limited)***

Independent Auditor's Report to the members of Standard Chartered Securities (Africa) Holdings Limited

Opinion

We have audited the financial statements of Standard Chartered Securities (Africa) Holdings Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and related notes, including the accounting policies in note 1-4.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Director's report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

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

- we have not identified material misstatements in the Strategic report and the Director's report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Standard Chartered Securities (Africa) Holdings Limited (formerly First Africa Group Holdings Limited)

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Richard Rawstron (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square

Canary Wharf

London E14 5GL

23 October 2020

Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

Statement of comprehensive income

For the year ended 31 December 2019

	<i>Note</i>	2019 US \$	2018 US \$
Dividend Income		3,652,969	2,785,515
Other Income		91,644	43,654
Foreign exchange gain / (loss)		624	(907,245)
Income		<u>3,745,237</u>	<u>1,921,924</u>
Audit fees		(14,823)	(13,605)
Expenses		<u>(14,823)</u>	<u>(13,605)</u>
Profit for the year before taxation		3,730,414	1,908,319
Tax credit	6	<u>(246,675)</u>	<u>(440,827)</u>
Profit for the year after taxation		3,483,739	1,467,492
Other comprehensive income		-	-
Total comprehensive income for the year		<u>3,483,739</u>	<u>1,467,492</u>

The notes from pages 13 to 24 form part of the financial statements.

Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

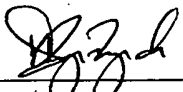
Statement of financial position

at 31 December 2019

	<i>Note</i>	2019 US \$	2018 US \$
ASSETS			
Non-current assets			
Investments in subsidiary undertakings	7	27,552,451	27,552,451
Current assets			
Trade and other receivables	8	9,684,617	6,152,587
Cash and cash equivalents	9	3,652,969	-
Amounts due from group undertakings for UK		6,031,648	5,966,591
Tax receivable		-	185,996
Total assets		37,237,068	33,705,038
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	10	22,580,672	19,096,933
Share premium	10	8,002,229	8,002,229
Retained Earnings		4,595,921	4,595,921
		9,982,522	6,498,783
Current liabilities			
Trade and other payables		14,656,396	14,608,105
Intercompany taxation creditor		14,822	27,620
Amounts due to group undertakings for UK		15,782	15,782
Tax payable		61,089	-
Loan payable – Standard Chartered Holdings (Africa) B.V	11	14,564,703	14,564,703
Total equity and liabilities		37,237,068	33,705,038

The notes from pages 13 to 24 form part of the financial statements.

Approved by the sole director and authorised for issue:-


Director
 Oluwayemisi Deji-Bejide

Date: 23 October 2020

Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

Statement of changes in equity

For the year ended 31 December 2019

	Ordinary shares US \$	Share premium US \$	Retained Earnings US \$	Total US \$
Balance at 1 January 2018	8,002,229	4,595,921	5,031,291	17,629,441
<i>Total comprehensive income for the year</i>				
Loss for the year	-	-	(1,318,023)	371,724
Dividends received			2,785,515	(117,250)
Balance at 31 December 2018	8,002,229	4,595,921	6,498,783	19,096,933
<i>Total comprehensive income for the year</i>				
Loss for the year	-	-	(169,230)	(169,230)
Dividends received	-	-	3,652,969	3,652,969
Balance at 31 December 2019	8,002,229	4,595,921	9,982,522	22,580,672

The notes from pages 13 to 24 form part of the financial statements.

Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

Statement of cash flows

For the year ended 31 December 2019

	<i>Note</i>	2019 US \$	2018 US \$
Net cash (outflow) from operating activities		(3,587,712)	908,727
Cash generated in operations	12.1	(3,588,324)	1,452,423
Increase/Decrease in Intercompany receivable		412	(543,696)
Net cash inflow from investing activities		3,652,969	2,785,515
Dividends received		3,652,969	2,785,515
Net Increase in cash and cash equivalents		65,057	3,694,242
Cash and cash equivalents at beginning of year		5,966,591	2,272,349
Cash and cash equivalents at end of year	9	6,031,648	5,966,591

The notes from pages 13 to 24 form part of the financial statements.

Standard Chartered Securities (Africa) Holdings Limited **(formerly First Africa Group Holdings Limited)**

Notes to the financial statements *for the year ended 31 December 2019*

1. Basis of preparation

The Company has prepared its financial statements on a going concern basis and in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ('EU').

As at 31 December 2019, the Company had adopted all IFRSs and interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

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 company and not of its group.

The directors have made an assessment covering a period of at least 12 months from the date of approval of these financial statements which indicates that, taking account of reasonably possible downsides, the Company has adequate resources to meet its liabilities as they fall due for that period. In preparing this assessment, the directors have considered the current economic uncertainty, in particular the effects of the novel coronavirus (COVID 19) outbreak, including the potential impact of COVID 19 on the ability of its subsidiary Standard Chartered Capital & Advisory (Nigeria) Limited to maintain dividend remittances. The directors do not expect the uncertainty to impact the Company's ability to meet its liabilities. The directors also note the Company's cash balance of \$6m is comfortably in excess of forecast expenses and non-group liabilities. With regards to the intercompany loan that is repayable on demand, the directors have obtained a letter of support indicating that the loan will not be called in the next 12 months.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Reporting entity

Standard Chartered Securities (Africa) Holdings Limited is a private liability company established in the United Kingdom. The address of the Company's registered office is 1 Basinghall Avenue, London EC2V 5DD. The principal activity of the company in the year 31 December 2019 was to act as an investment holding company for its subsidiary undertakings.

Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

2. Significant accounting judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Significant judgements made relate to the impairment of assets.

3. Standards and interpretations issued in the current year

The following pronouncements relevant and applicable to the Company were issued as at 31 December 2019 but have effective dates for periods beginning after 31 December 2019. The use of IFRSs and certain IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted.

The full impact of these IFRSs and IFRIC Interpretations had minimal impact on the Company.

Standard Chartered Securities (Africa) Holdings Limited (formerly First Africa Group Holdings Limited)

Notes to the financial statements

for the year ended 31 December 2019 (continued)

3. New Standards and interpretations issued in the current year (continued)

Pronouncement	Description of impact
IFRS 16 – Leases	<p>IFRS 16 replaces IAS 17 leases. IFRS 16 introduced 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. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.</p> <p>The Implementation had no impact on the Financial Statements of the company because the company doesn't have any leases in place.</p>

**Standard Chartered Securities (Africa) Holdings Limited,
(formerly First Africa Group Holdings Limited)**

Notes to the financial statements

for the year ended 31 December 2019 (continued)

4. Accounting Policies

Foreign currency translation

The Company's functional and presentation currency is United States Dollars (USD).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Non-monetary transactions are translated at historical exchange rates.

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: amounts owed by group undertakings, cash and balances at central banks (unless restricted), treasury bills and other eligible bills, loans and advances to banks and short-term government securities.

Interest-bearing loans and borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received), net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Gross revenue comprises dividend income.

Dividend income is recognised when the company's right to receive payment is established.

Standard Chartered Securities (Africa) Holdings Limited **(formerly First Africa Group Holdings Limited)**

Notes to the financial statements

for the year ended 31 December 2019(continued)

4. Accounting Policies (continued)

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less impairments and dividends from pre-acquisition profits received prior to 1 January 2010, if any. Subsidiaries are all entities over which the Company has the power to directly or indirectly govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights.

Taxation

Income tax on profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss 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/recoverable on the taxable result for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments payable in respect of previous years.

Deferred taxation is accounted for on an undiscounted basis at expected tax rates on all timing differences which occur where items are tax-effected in a period different from that in which they are recognised in the financial statements.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

Notes to the financial statements

for the year ended 31 December 2019 (continued)

5. Profit/Loss from operations	2019	2018
	US \$	US \$
Profit from operations is arrived at after taking into account the following:		
<i>Income</i>		
Dividend income	3,652,969	2,785,515
Foreign exchange gain / loss	624	(907,245)
Other Income	91,644	43,654
<i>Expenses</i>		
Auditors' remuneration	(14,823)	(13,605)
	<u>3,730,414</u>	<u>1,908,319</u>
6. Taxation		
Tax on ordinary activities		
<i>Current tax</i>		
- UK Corporation tax at 19,00% (2018: 19,00%)		
- Current tax on income for the year	(52,170)	(52,637)
- Prior year adjustment	24,872	(50,232)
<i>Foreign tax</i>		
- Current tax on income for the year	273,973	208,914
- Adjustments in respect of prior periods	-	334,782
Tax charge	<u>246,675</u>	<u>440,827</u>
Reconciliation of total tax charge		
Profit on ordinary activities before tax	<u>3,730,414</u>	<u>1,908,319</u>
Tax at 19.00 % (2018: 19.00%)	708,779	362,581
Effect of:		
- Non-deductible FX loss on dividend income	-	172,564
- Non-taxable dividend income	(694,064)	(529,248)
- TP Adjustment	(66,884)	(58,535)
- Prior year adjustment	24,872	284,551
- Foreign Withholding Tax	273,973	208,914
Tax charge on profits on ordinary activities	<u>246,675</u>	<u>440,827</u>

Standard Chartered Securities (Africa) Holdings Limited (formerly First Africa Group Holdings Limited)

Notes to the financial statements

for the year ended 31 December 2019 (continued)

The UK corporation tax rate is 19% for the years ended 31 December 2019 and 31 December 2018. A reduction in the rate from 19% to 17% was substantively enacted on 6 September 2016 by the Finance Act 2016, effective from 1 April 2020. In the 11 March 2020 Budget it was announced that the UK tax rate will remain at the current 19% and not reduce to 17% from 1 April 2020. As no deferred tax assets or liabilities have been recognised, the rate change would not have had a material impact on the Financial Statements

7. Investments in subsidiary undertakings

Details of investments in which the company holds 20% or more of the nominal value of any class of share capital is as follows:

Name of the company	Holding	Proportion of voting rights and shares held	Nature of business
<i>Subsidiary undertakings:</i>			
Standard Chartered Securities (Kenya) Limited (SCS K) *	Ordinary shares	100%	Corporate Finance Advisory
Standard Chartered Capital & Advisory (Nigeria) Limited (SCSN) **	Ordinary shares	100%	Corporate Investment Advisers/ Underwriter /Issuing House

* Incorporated in Kenya

** Incorporated in Nigeria

The carrying value of the investments held in Standard Chartered Securities (Kenya) Limited and Standard Chartered Capital & Advisory (Nigeria) Limited are \$0.09 million (2018: 0.09 million) and \$27.46 million (2018: 27.46 million) respectively. The Standard Chartered Securities (Kenya) Limited investment was impaired by \$0.09 million in 2015 due to the entity being dormant.

In 2019, no impairment charge against the investment in subsidiaries has been recognised. The recoverable amount of Standard Chartered Capital & Advisory (Nigeria) Limited is measured based on value-in-use ("VIU") calculated using cash flow projections and an estimated terminal value. All cash flows are discounted using a post-tax discount rate which reflect the risk premiums and rate for returns appropriate to the environment in which the subsidiary operates. A discount rate of 17.5% was used (2018: 17.1%) This resulted in a VIU of \$33.23 million and a positive headroom.

Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

Notes to the financial statements
for the year ended 31 December 2019 (continued)

Investments in subsidiary undertakings

	2019 US \$	2018 US \$
Opening balance	27,552,451	27,552,451
Closing balance	<u>27,552,451</u>	<u>27,552,451</u>

They were no equity injections in the 2019 period (2018: Nil).

	2019 US \$	2018 US \$
8. Trade and other receivables		
Amount receivable from holding company	<u>3,652,969</u>	<u>-</u>
	<u>3,652,969</u>	<u>-</u>

Trade and other receivables are non-interest bearing and are generally on 30 - 90 day terms.

9. Cash and cash equivalents

Cash at bank and in hand	<u>6,031,648</u>	<u>5,966,591</u>
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Cash at bank earns interest at prevailing market rates. At 31 December 2019 and 31 December 2018 the carrying amounts of cash and cash equivalents approximate its fair value due to the short term maturities of this asset.

Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

Notes to the financial statements

for the year ended 31 December 2019 (continued)

	2019 US \$	2018 US\$
10. Share capital and share premium		
<i>Share capital</i>		
<i>Issued and called up</i>		
8,002,229 Ordinary shares of \$1 each (2017: 8,002,229)	8,002,229	8,002,229
	<u>8,002,229</u>	<u>8,002,229</u>
<i>Share premium</i>		
Ordinary shares	4,595,921	4,595,921
	<u>4,595,921</u>	<u>4,595,921</u>
11. Loan payable – Standard Chartered Holdings Africa B.V		
Loan payable	14,564,703	14,564,703

An inter-group loan agreement was entered into on 3 April 2012. The loan is interest free and is repayable on demand.

Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

Notes to the financial statements
for the year ended 31 December 2019 (continued)

	2019	2018
	US \$	US \$
12. Notes to the cash flow statement		
12.1 Reconciliation of profit before taxation to cash utilised in operations		
Profit before taxation	3,730,414	1,908,319
Adjustments for non-cash and separately disclosed items:		
- Dividend income	(3,652,969)	(2,785,515)
Changes in working capital:		
- Increase in trade and other payable	(3,652,969)	(11,846)
- Decrease in trade and other payable	12,800	2,341,465
Cash utilised in operations	<u>(3,562,724)</u>	<u>1,452,423</u>
12.2 Taxation paid		
Net balance at (receivable) at the beginning of year	(185,996)	(90,627)
Prior year tax	15,782	23,282
Current year UK Corporation tax charge	246,675	440,827
Intergroup taxation creditor	(15,782)	(15,782)
Balance (payable)/receivable at end of year	<u>(61,089)</u>	<u>185,996</u>
Taxation (received)/ paid	<u>(412)</u>	<u>543,696</u>

Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

Notes to the financial statements

for the year ended 31 December 2019 (continued)

13. Commitments and contingencies

Capital commitments

There were no capital commitments at the end of the financial year.

14. Related parties

Details of directors of the company are disclosed on page 1. None of the directors or officers received any fees or emoluments from the Company during the year (2018: Nil).

Amounts owed to Standard Chartered Holdings B.V by the Company are disclosed in note 8. The loan was granted to the Company, which was subsequently distributed to the Company's subsidiaries for working capital purposes.

Details of transactions between the company and its holding company are disclosed in the directors' report and in note 11.

During the year, the Company received dividends of \$3.65 million from its subsidiary undertakings (2018:\$2.79 million). This is detailed in note 5.



Standard Chartered Securities (Africa) Holdings Limited
(formerly First Africa Group Holdings Limited)

Notes to the financial statements

for the year ended 31 December 2019 (continued)

15. Risk management

Credit risk

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Financial instruments for the year comprised inter group balances, cash and cash equivalents and investments. The Standard Chartered Group has policies and procedures in place to manage risk so the credit risk from amounts owed by group undertakings is not significant. Investments are stated at cost less impairment. The Company's exposure to credit risk from investments is not significant.

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.

Foreign currency risk

Foreign currency risk is the risk of a loss from assets or liabilities denoted in a foreign currency. The majority of the net assets of the Company are denominated in United States dollars ("USD").

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.

16. Ultimate holding company

The Company is an immediate subsidiary undertaking of Standard Chartered Holdings (Africa) B.V, a company incorporated in the Netherlands. 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.