

CROSBY STERLING (HOLDINGS) LIMITED
(Registered Number: 02827420)

Annual report for the year ended 31 December 2016



CROSBY STERLING (HOLDINGS) LIMITED
Annual report for the year ended 31 December 2016

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CROSBY STERLING (HOLDINGS) LIMITED

Strategic report

The directors present the strategic report of Crosby Sterling (Holdings) Limited (the "Company") for the year ended 31 December 2016.

Overview

The Company is incorporated and domiciled in England and Wales. It is an indirect subsidiary of JPMorgan Chase & Co. ("JPMorgan Chase" or the "Firm"). JPMorgan Chase is a financial holding company incorporated under Delaware law in 1968, it is a leading global financial services firm and one of the largest banking institutions in the United States of America ("U.S."), with operations worldwide. The Company had £45,051,797 in assets and £45,051,797 in total shareholder's equity as of 31 December 2016.

Principal activity

The Company's principal activity during the year was the management of cash.

Review of business

The directors are satisfied with the performance of the Company.

Income Statement:

The results for the year are set out on page 6 and show the Company's profit for the financial year is £nil (2015: £208,697).

Balance sheet:

The balance sheet is set out on page 7. The Company has total assets and total liabilities of £45,051,797 (2015: £45,051,797) and £nil (2015: £nil) respectively as at 31 December 2016.

The directors do not expect any change in the Company's activities in the coming year.

Future Outlook

On 23 June 2016, the United Kingdom ("U.K.") voted by referendum to leave the European Union ("Brexit"). On 29 March 2017, the U.K. government formally invoked Article 50 of the Lisbon Treaty, giving an expected exit date of the end of March 2019. The British Prime Minister has laid out twelve "negotiation objectives" for Brexit, which confirmed the U.K. will not remain a member of the Single Market, but will pursue a Free Trade Agreement that provides the greatest possible access to the Single Market. Further, the U.K. Government will seek a phased arrangement to ensure the orderly transition of the legal and regulatory framework for financial services, and promote stability and market confidence.

Many international banks, including JPMorgan Chase, operate substantial parts of their European Union ("EU") businesses from entities based in the U.K. Upon the U.K. leaving the EU, 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 to with the EU 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 EU and in the U.K. However, it is possible that under some scenarios, changes to the Firm's legal entity structure and operations would be required, which might result in a less efficient operating model across the Firm's European legal entities. The Firm is in the process of evaluating plans to ensure its continued ability to operate in the U.K. and the EU beyond the expected exit date.

The impact of Brexit on the Company's business model and risks will continue to be assessed as part of the Firmwide analysis and planning phase in considering a strategic post-Brexit legal entity structure.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Firm and are not managed separately. The directors do not consider that the company is exposed to significant financial risks.

On behalf of the Board

Director 
S. White

Date: 14/9/17

CROSBY STERLING (HOLDINGS) LIMITED

Directors' report

The directors present their report and the audited financial statements of Crosby Sterling (Holdings) Limited (the "Company") for the year ended 31 December 2016. The Company is part of JPMorgan Chase & Co. (together with its subsidiaries, the "Firm"). The Company's registration number is 02827420.

Refer to the Strategic Report for future outlook.

Results and dividends

The results for the year are set out on page 6 and show the Company's profit for the financial year after taxation is £nil (2015: £208,697).

No dividends were paid during the year (2015: Interim dividend of £67,100,000 was proposed and paid on 17 November 2015).

Directors

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

L.J. Navaratne
S.M. White

Directors' interest

None of the directors has any beneficial interest in the Company. The Company is a subsidiary of a company incorporated in 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; 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.

CROSBY STERLING (HOLDINGS) LIMITED

Directors' report (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 & Co. against liabilities and associated costs which they could incur in the course of their duties to the Company. The indemnity was in force during the financial year and also at the date of approval of the financial statements. A copy of the by-laws of JPMorgan Chase & Co is kept at the registered office of the Company.

Company secretary

The secretaries of the Company who served during the year were as follows:

M. F. Vance
J.P. Morgan Secretaries (UK) Limited

Registered address

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

Independent auditors

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

On behalf on the Board

Director  S. White

Date: 14/9/17

Independent auditors' report to the members of Crosby Sterling (Holdings) Limited

Report on the financial statements

Our opinion

In our opinion Crosby Sterling (Holdings) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its result 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.

What we have audited

The financial statements, included within the Annual report (the "Annual Report"), comprise:

- the Balance sheet as at 31 December 2016;
- 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and Directors' report. We have nothing to report in this respect.

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 Crosby Sterling (Holdings) Limited (continued)

Our responsibilities and those of the directors

As explained more fully in the Statement of the directors' responsibilities set out on page 2, 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. With respect to the Strategic report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Paolo Taurae (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountant and Statutory Auditors

London

14/9/17

CROSBY STERLING (HOLDINGS) LIMITED

Income statement

| Year ended 31 December | | 2016 | 2015 |
|--|-------|----------|----------------|
| | Notes | £ | £ |
| Interest and similar income | 6 | — | 167,137 |
| Profit on ordinary activities before taxation | 7 | — | 167,137 |
| Tax on profit on ordinary activities | 8 | — | 41,560 |
| Result/Profit for the financial year | | — | 208,697 |


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 9 - 11 form an integral part of these financial statements.

CROSBY STERLING (HOLDINGS) LIMITED
Balance sheet

| 31 December | | 2016 | 2015 |
|--------------------------|-------|-------------------|-------------------|
| | Notes | £ | £ |
| Current assets | | | |
| Cash at bank and in hand | 9 | 45,010,237 | 45,010,237 |
| Other assets | 10 | 41,560 | 41,560 |
| Net assets | | 45,051,797 | 45,051,797 |
| Equity | | | |
| Called-up share capital | 12 | 600,000 | 600,000 |
| Other reserves | | 9,188,333 | 9,188,333 |
| Retained earnings | | 35,263,464 | 35,263,464 |
| Total equity | | 45,051,797 | 45,051,797 |

The financial statements on pages 6 - 11 were approved by the Board of Directors on 14/9/17..... and signed on its behalf by:

Director 
S. White
 14/9/17

The notes on pages 9 - 11 form an integral part of these financial statements

CROSBY STERLING (HOLDINGS) LIMITED
Statement of changes in equity

| | Notes | Called-up share capital £ | Other reserves £ | Retained earnings £ | Total equity £ |
|---------------------------------------|-------|------------------------------------|------------------------|---------------------------|-------------------|
| Balance as at 1 January 2015 | | 600,000 | 9,188,333 | 102,154,767 | 111,943,100 |
| Profit for the financial year | | — | — | 208,697 | 208,697 |
| Dividends paid | 11 | — | — | (67,100,000) | (67,100,000) |
| Balance as at 31 December 2015 | | 600,000 | 9,188,333 | 35,263,464 | 45,051,797 |
| Profit for the financial year | | — | — | — | — |
| Balance as at 31 December 2016 | | 600,000 | 9,188,333 | 35,263,464 | 45,051,797 |

Other reserves represent capital reserve.

The notes on pages 9 - 11 form an integral part of these financial statements.

CROSBY STERLING (HOLDINGS) LIMITED

Notes to the financial statements

1. General information

The Company is a private limited entity incorporated and domiciled in England and Wales. 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 International Finance Limited, incorporated in the state of Delaware in the United States of America. The parent undertaking of the smallest group in which the Company's results are consolidated is J.P. Morgan International Finance Limited. The Company's ultimate parent undertaking and controlling party is JPMorgan Chase & Co., which is incorporated in the state of Delaware in the United States of America. JPMorgan Chase & Co. is also the parent undertaking of the largest group in which the results of the Company are consolidated. The largest and smallest parent groups' consolidated financial statements can be obtained from the Company's registered office at 25 Bank Street, Canary Wharf, London, E14 5JP, England & Wales.

2. Basis of preparation

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 ("EU") with reduced disclosures.

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006.

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 IFRSs - Paragraph 16, 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 Firm undertakings (paragraph 18 and 19, 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 generally 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 Foreign currency translation

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

4.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Taking into account the cash flows and the financing structure, GBP is considered as functional and presentation currency of the Company.

CROSBY STERLING (HOLDINGS) LIMITED

Notes to the financial statements (continued)

4. Significant accounting policies (continued)

4.3 Income recognition

Interest income is recognised on an effective interest rate basis.

4.4 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.

4.5 Dividend recognition

Dividend distributions are recognised in the period in which they are declared and approved.

4.6 Cash and cash equivalents

Cash and cash equivalents include cash and balances at banks and loans and advances to banks with maturities of three months or less.

5. Directors emoluments

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

The directors do not consider that a significant element of their remuneration relates to the Company for the current financial year (2015: £nil).

The Company had no employees during the year (2015: none).

6. Interest and similar income

| | 2016 | 2015 |
|--|------|---------|
| | £ | £ |
| Interest and similar income from other JPMorgan Chase undertakings | — | 167,137 |

7. Profit on ordinary activities before taxation

The auditors' remuneration of £6,400 (2015: £6,200) is met by other JPMorgan Chase undertaking and not recharged.

8. Tax on profit on ordinary activities

| | 2016 | 2015 |
|--|----------|-----------------|
| | £ | £ |
| (a) Analysis of tax credit for the year | | |
| Current taxation | | |
| UK Corporation tax on profit for the year | — | — |
| Prior period adjustment | — | (41,560) |
| Total tax credit for the year | — | (41,560) |

CROSBY STERLING (HOLDINGS) LIMITED
Notes to the financial statements (continued)

8. Tax on profit on ordinary activities (continued)

(b) Factors affecting the current tax credit for the year

The tax credit for the year differs from the standard rate of corporation tax in the UK (20.00%). The differences are explained below:

| | <u>2016</u> | <u>2015</u> |
|--|-------------|-----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | — | 167,137 |
| Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in UK 20.00% (2015: 20.25%) | — | 33,845 |
| Effects of: | | |
| Prior period adjustment | — | (41,560) |
| Losses claimed for nil consideration | — | (33,845) |
| Total tax credit for the year | — | (41,560) |

9. Cash at bank and in hand

All bank balances are held with other JPMorgan Chase undertaking.

10. Other assets

| | <u>2016</u> | <u>2015</u> |
|----------------------------|-------------|-------------|
| | £ | £ |
| Corporation tax receivable | 41,560 | 41,560 |

The Corporation tax receivable of £41,560 refers to amounts owed by other JP Morgan Chase group undertakings in respect of historical overpayments made by Crosby Sterling (Holdings) Limited to the nominated entity under the group's payment arrangement.

11. Dividend paid

| | <u>2016</u> | <u>2015</u> |
|-------------------------------|-------------|-------------|
| | £ | £ |
| Dividend paid during the year | — | 67,100,000 |

On 17 November 2015, the Company paid an interim dividend of £67,100,000 to the shareholders, J.P. Morgan International Finance Limited (79%) and J.P. Morgan Chase International Holdings (21%) based on their ownership interest.

12. Called-up share capital

| | <u>2016</u> | <u>2015</u> |
|--|-------------|-------------|
| | £ | £ |
| Issued and fully paid share capital | | |
| 600,000 (2015: 600,000) ordinary shares of £1 each | 600,000 | 600,000 |