

Standard Chartered Masterbrand Licensing Limited

Strategic Report, Directors' Report and Financial Statements

For the period from 01 January 2017 to 30 June 2018

Registered Number: 5618994

Standard Chartered Masterbrand Licensing Limited (Registered
Number 5618994)
Strategic Report, Directors' Report and Financial Statements
for the period from 01 January 2017 to 30 June 2018



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Strategic Report

Principal objectives and strategies

Standard Chartered Masterbrand Licensing Limited ("the Company") has not actively traded since 2016. Previously the principal activity of the Company was to manage Standard Chartered Bank's Masterbrand and royalty licensing business for Standard Chartered PLC ("the Group"). The licence expired on 31 December 2015, and a change in the strategic direction of the parent company has meant that it is intended to place the Company in liquidation. More details are included in note 1.

Given the nature of business conducted by the Company, the key performance indicator used by management in assessing the performance of the Company is 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 in which the Company resides.

Business review

The Directors set out below a review of the development and performance of the Company's business during the period and its position at the period end. This review is consistent with the size and nature of the business and is written in the context of the risks and uncertainties faced which are explained in note 8.

The Company's profit for the period totalled \$23,712 (31 December 2016: \$1,058,246).

Employees

The Company has no employees (31 December 2016: nil).

By order of the board



S J King
Director
Company registration number - 5618994
Date: 28 March 2019

1 Basinghall Avenue
London
EC2V 5DD
UK

Directors' Report

The Directors present their report together with the Company's Financial Statements for the period ended 30 June 2018.

Financial instruments

Financial instruments entered into during the period comprised amounts due to / from the Standard Chartered Bank undertaking and amounts due to / from Group undertaking.

Results and dividends

The results of the Company are set out from pages 8 to 15.

The Company paid no dividend during the period (31 December 2016: nil).

Going concern

The Company no longer adopts the going concern basis in preparing the Financial Statements since the Directors intend to liquidate the Company. The immediate parent company has given an undertaking to provide such financial assistance as is necessary to settle the net liability position of the Company prior to liquidation. Further details are in note 1.

Directors

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

S R Atkinson, resigned on 30 September 2018
S J King
S W Gardiner, appointed on 30 September 2018

Qualifying third party indemnities

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

Disclosure of information to auditor

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

Auditor

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

By order of the board



S J King
Director
Company registration number - 5618994
Date: 28 March 2019

1 Basinghall Avenue
London
EC2V 5DD
UK

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

The Directors are responsible for preparing the 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 (IFRS) as adopted by the European 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; and
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They 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.

Independent Auditor's Report to the members of Standard Chartered Masterbrand Licensing Limited

We have audited the Financial Statements of Standard Chartered Masterbrand Licensing Limited (the "Company") for the period ended 30 June 2018 set out on pages 8 - 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

In our opinion the Financial Statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its profit for the period 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.

Emphasis of matter

We draw attention to the disclosure made in note 1 - basis of preparation to the Financial Statements which explains that the Financial Statements have not been prepared on the going concern basis for the reason set out in that note. Our opinion is not modified in respect of this matter.

Strategic report and Directors report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the Financial Statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' 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 Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the Financial Statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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.

We have nothing to report in these respects.

Directors responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view; 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.

Independent Auditor's Report to the members of Standard Chartered Masterbrand Licensing Limited

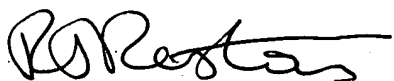
Auditor's responsibility

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

28 March 2019

Income Statement

for the period from 01 January 2017 to 30 June 2018

		Period from 01 January 2017 to 30 June 2018	Year ended 31 December 2016
	Note	\$000	\$000
Royalty income	4	-	(800)
Interest expense		(1)	(146)
Total operating loss		(1)	(946)
Net foreign exchange gain/(loss)		3	(709)
Operating profit/(loss)		2	(1,655)
Profit/(loss) before taxation		2	(1,655)
Tax credit	5	22	2,713
Profit for the period/year		24	1,058

Profit for the period/year is attributable to the equity shareholders and relates to continuing operations.

Comparatives are for a 12 month period and therefore are not directly comparable.

The notes on pages 12 to 15 form part of the Financial Statements.

Statement of Other Comprehensive Income

for the period from 01 January 2017 to 30 June 2018

The Company had no other comprehensive income for the period ended 30 June 2018 and year ended 31 December 2016 other than the profit for the period/year. A separate statement of other comprehensive income has therefore not been prepared.

Comparatives are for a 12 month period and therefore are not directly comparable.

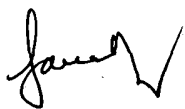
Statement of Financial Position

as at 30 June 2018

	Note	As at 30 June 2018 \$000	As at 31 December 2016 \$000
Current assets			
Amounts owed by group companies	7	-	19,241
Amounts owed by group companies - cash	6	-	52,979
Amounts owed from group companies - tax	7	273	-
Total assets		273	72,220
Current liabilities			
Amounts owed to group companies - cash	6	629	-
Amounts owed to group companies - recharges	7	-	3,668
Amount owed to group companies - demand loan	7	-	60,000
Amount owed to group companies - tax	7	-	8,868
Other creditors		78	142
Total liabilities		707	72,678
Equity			
Accumulated losses		(434)	(458)
Total equity and liabilities		273	72,220

The notes on pages 12 to 15 form part of the Financial Statements.

These Financial Statements were approved by the Board of Directors on 28 March 2019, and were signed on its behalf by:



S J King
Director
28 March 2019

Statement of Changes in Equity

for the period from 01 January 2017 to 30 June 2018

	Accumulated losses \$000	Total equity \$000
Balance at 1 January 2016	(1,516)	(1,516)
Profit for the year	1,058	1,058
Balance at 31 December 2016/ 1 January 2017	(458)	(458)
Loss for the period	24	24
Balance at 30 June 2018	(434)	(434)

The share capital of the company is \$2 (31 December 2016: \$2).

Statement of Cash Flows

for the period from 01 January 2017 to 30 June 2018

	Period from 01 January 2017 to 30 June 2018	Year ended 31 December 2016
Note	\$000	\$000
Cash flows from operating activities		
Profit/(loss) before tax	2	(1,655)
Adjustment for items not involving the movement of funds		
Decrease in debtors	19,241	47,296
Change in other creditors	(64)	142
Overseas tax payable	-	2,300
Exchange loss on tax liability	10	-
Change in intercompany recharge balance	(3,667)	(7,658)
Sponsorship prepayment	-	9,424
Overseas tax paid	(1,393)	-
Group tax relief settled	(6,820)	(7,398)
Taxes paid	(917)	-
Net cash from operating activities	6,392	42,451
Cash flows from financing activities		
Repayment of demand loan	(60,000)	(32,500)
Net cash used in financing activities	(60,000)	(32,500)
Net cash (decrease)/increase in cash and cash equivalents	(53,608)	9,951
Cash and cash equivalents at beginning of period/year	52,979	43,028
Cash and cash equivalents at end of period/year	(629)	52,979

Comparatives are for a 12 month period and therefore are not directly comparable.

The notes on pages 12 to 15 form part of the Financial Statements.

Notes to the Financial Statements

for the period from 01 January 2017 to 30 June 2018

1. Principal accounting policies

Statement of compliance

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

Basis of preparation

As at 30 June 2018, the Company had adopted all IFRS and interpretations that had been issued by the International Accounting Standards Board (IASB) and IFRIC, and endorsed by the EU. The Company no longer adopts the going concern basis in preparing the Financial Statements since the Directors intend to liquidate the Company. The immediate parent company has given an undertaking to provide such financial assistance as is necessary to settle the net liability position of the Company prior to liquidation. This has had no impact on the carrying value of the assets. The accounting policies set out below have been applied consistently across the Company and to all periods presented in these Financial Statements.

Uses of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Functional currency

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

Dividends

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

Taxation

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

Cash and cash equivalents

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

Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of 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 the income statement over the period of the borrowings using the effective interest method.

Interest income and expense

Interest income and expense are recognised in the income statement using the effective interest rate method.

Notes to the Financial Statements (continued)

for the period from 01 January 2017 to 30 June 2018

1. Principal accounting policies (continued)

Interest (continued)

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds. Dividends on ordinary shares are recognised in the period in which they are declared.

Royalty income

Royalty income is recognised when it is probable that economic benefits will flow to the company with reference to an agreed royalty rate based on total operating income, according to local GAAP. The royalty fee itself is payable on invoice, annually in arrears, after the local statutory accounts have been filed.

Foreign currency transactions and balances

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 the income statement. Non-monetary transactions are translated at historical exchange rates.

2. Auditor's remuneration

The auditor's remuneration of \$14,445 (31 December 2016:\$22,945) for the period was borne by Standard Chartered Bank.

3. Directors' emoluments

None of the Directors or officers received any fees or emoluments in respect of qualifying services to the Company during the period (31 December 2016:nil).

4. Royalty income

	Period from 01 January 2017 to 30 June 2018	Year ended 31 December 2016
	\$000	\$000
Royalty income	\$ -	\$ (800)
Total	-	(800)

The charge against royalty income during 2016 was due to an over accrual of income in prior years.

Notes to the Financial Statements (continued)

for the period from 01 January 2017 to 30 June 2018

5. Taxation

Analysis of tax credit for the period

	Period from 01 January 2017 to 30 June 2018	Year ended 31 December 2016
	\$000	\$000
The tax credit for taxation based upon the profit/(loss) for the year comprises:		
Current tax:		
United Kingdom corporation tax at 19.17% (2016: 20%)		
Current tax on income for the period	(15)	(557)
Adjustments in respect of prior periods	(7)	(2,156)
Prior period adjustment to double tax relief	-	305
Foreign tax:		
Adjustments in respect of prior periods	-	(305)
Tax credit on profit/(loss) on ordinary activities	(22)	(2,713)

Explanation of the relationship between tax credit and accounting profit

	Period from 01 January 2017 to 30 June 2018	Year ended 31 December 2016
	\$000	\$000
Profit/(loss) on ordinary activities before taxation	2	(1,655)
Tax charge/(credit) at 19.17% (2016: 20%)	-	(331)
Effects of:		
Adjustments to tax charge in respect of previous periods	(7)	(2,156)
Foreign exchange gain on disallowed items not taxed	-	(144)
Transfer pricing adjustment	(15)	(82)
Tax credit on profit/(loss) on ordinary activities	(22)	(2,713)

On July 2015, the UK Government announced a reduction in the UK corporation tax rate from 20% to 19%, effective from 1st April 2017. This tax rate has been enacted into law and results in a blended tax rate of 19.17% for the 18 months ended 30 June 2018.

Notes to the Financial Statements (continued)

for the period from 01 January 2017 to 30 June 2018

6. Cash and cash equivalents

	As at 30 June 2018	As at 31 December 2016
	\$000	\$000
Amounts due (to)/from group companies	(629)	52,979

7. Related parties

Directors and officers

None of the Directors or officers received any fees or emoluments in respect of qualifying services to the Company during the period (31 December 2016: nil).

Company

	As at 30 June 2018	As at 31 December 2016
	\$000	\$000
Amounts owed by group companies		
Royalties receivable	-	9,313
Amounts owed by group undertakings - Cash and cash equivalent	-	52,979
Amount owed by Standard Chartered Bank	-	9,928
Amount owed from group undertakings - Tax	273	-
Total	273	72,220

Amounts due to group companies

Amounts owed to group undertakings - Cash and cash equivalent	(629)	-
Amounts owed to group undertakings - Demand loan	-	(60,000)
Intercompany balances owed to group undertakings - Recharges	-	(3,668)
Amounts owed to group undertakings - Tax	-	(8,868)
Total	(629)	(72,536)

8. Ultimate holding and parent undertaking of larger group

The Company is a subsidiary undertaking of Standard Chartered Bank, a company incorporated in England with limited liability by Royal Charter. The smallest group in which the results of the Company are consolidated is that headed by Standard Chartered Bank. The ultimate holding company is Standard Chartered PLC registered in England and Wales.

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