

# **Standard Chartered Securities (Africa) Holdings Limited**

**Strategic report, directors' report and financial statements**

**for the year ended 31 December 2016**

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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 2016*

<b>Directors</b>	R Etemesi H Heymans (appointed 16 <sup>th</sup> March 2017) A Desai (resigned 17 <sup>th</sup> February 2017)
<b>Nature of business</b>	The company acts as an investment holding company
<b>Secretary</b>	SC (Secretaries) Limited
<b>Auditors</b>	KPMG LLP
<b>Bankers</b>	Standard Chartered Bank
<b>Solicitors</b>	Bowman Gilfillan Inc
<b>Company registration number</b>	05843604
<b>Registered office</b>	1 Basinghall Avenue London EC2V 5DD United Kingdom
<b>Country of incorporation</b>	United Kingdom

## **Strategic Report**

*for the year ended 31 December 2016*

### **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 Group in which this Company resides. The Company forms part of the Standard Chartered Group and this is not expected to change in the foreseeable future.

### **Economic environment**

The Company has a significant investment of \$27.5 million (2015: \$27.5 million) in Nigeria through its subsidiary Standard Chartered Securities (Nigeria) Limited ("SCS Nigeria"). The principal activity of SCS Nigeria is to provide corporate advisory services to corporate clients, including issuing bond services and underwriting in Nigeria and West Africa.

Nigeria is currently rated as the largest economy in Africa and continues to be the largest market in the region. The company profit before tax declined by 52% year on year, driven by lower fee income. Management believes that this is a temporary decline and will turn around in the new 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. The FX window introduced by the Central Bank of Nigeria is succeeding in attracting portfolio investment and improve international reserves.

Nigerian banks are undertaking capital raising through strategic alliances with foreign partners and other capital market activities. Nigerian Eurobonds have been oversubscribed in international markets, providing opportunities for further issues. SCS Nigeria with its international network is well placed to play a significant role in advising and assisting local and international investors to participate in the opportunities.

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

The Company has an insignificant investment of \$0.09 million (2015: \$0.09 million) in Kenya, which is dormant.

### **Principal risks and uncertainties**

The nature of the business of the Company is that of a holding company and not of trading.

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## **Strategic Report**

*for the year ended 31 December 2016 (continued)*

### **Principal risks and uncertainties**

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 dividend restrictions exist are transferred to other structures within the Standard Chartered 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 of \$4.02million (2015: \$0.76 million)

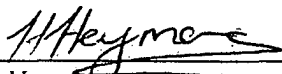
The Company has a non-interest bearing loan of \$25.97million (2015: \$25.97 million) with Standard Chartered Holdings (Africa) B.V, its parent company. This amount is repayable on demand.

The Company also has a non-interest bearing receivable of \$4.43 million (2015: \$1.26 million) with Standard Chartered Holdings (Africa) B.V, its parent company. This amount is repayable on demand.

### **Employees**

The company has no employees (2015: Nil).

By order of the Board

  
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Harriet Heymans  
Director

# **Standard Chartered Securities (Africa) Holdings Limited**

**(formerly First Africa Group Holdings Limited)**

## **Directors' report**

*for the year ended 31 December 2016*

The directors present their report together with the audited financial statements of the Standard Chartered Securities (Africa) Holdings Limited for the year ended 31 December 2016.

### **Financial instruments**

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

### **Results and dividends**

The company paid a dividend of \$0.86m during the year. The company received dividends from Standard Chartered Securities Nigeria Limited, during the year ended 31 December 2016. The results of the company are set out from page 8 to page 23.

### **Future developments**

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

### **Directors and their interests**

Particulars of the present directors are given on page 1.

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

### **Directors' qualifying third party indemnity provisions**

The Company subscribed to Directors and Officers Liability Insurance.

### **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.

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

## **Directors' report**

for the year ended 31 December 2016 (continued)

### **Going Concern**

Having made appropriate enquiries, we consider that the Company and the Group as a whole have adequate resources to continue operational businesses for the foreseeable future and therefore continued to adopt the going concern basis in preparing the Financial Statements.

### **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.

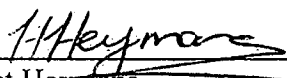
### **Appointment of auditors**

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

### **Approval of financial statements**

The financial statements for the year ended 31 December 2016, set out on pages 8 to 23 which are in agreement with the books of account at that date, were approved by the board of directors on 28<sup>th</sup> September 2017 and are signed on its behalf by:

By order of the board:

  
Harriet Heymans  
Director

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

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

**Statement of Directors' responsibilities in respect of the Directors' Report and Financial Statements**

*for the year ended 31 December 2016*

The directors are responsible for preparing the Directors' Report, Strategic Report and 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 they have elected to prepare the financial statements in accordance with 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 and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

# **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**

We have audited the financial statements of Standard Chartered Securities (Africa) Holdings Limited for the year ended 31 December 2016 set out on pages 8 to 23.

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.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page <sup>6</sup>7, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/audit/scopeukprivate](http://www.frc.org.uk/audit/scopeukprivate)

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by EU
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic report and Directors' Report for the financial year or which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; 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**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**Richard Rawstron (Senior Statutory auditor)**  
**for and on behalf of KPMG LLP, (Statutory Auditor)**  
Chartered Accountants  
London  
29<sup>th</sup> September 2017



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

**Statement of comprehensive income**

*For the year ended 31 December 2016*

	<i>Note</i>	<b>2016 US \$</b>	<b>2015 US \$</b>
Dividend received		4,029,939	858,995
Foreign exchange gain		9,159	4,617
<b>Income</b>		<b>4,039,098</b>	<b>863,612</b>
Audit fees		(21,659)	(10,775)
Impairment of subsidiary undertaking		-	(89,180)
<b>Expenses</b>		<b>(21,659)</b>	<b>(99,955)</b>
 <b>Profit for the year before taxation</b>	<b>5</b>	<b>4,017,439</b>	<b>763,657</b>
Tax credit	<b>6</b>	<b>(298,498)</b>	<b>(1,026)</b>
<b>Profit for the year after taxation</b>		<b>3,718,941</b>	<b>762,631</b>
Other comprehensive income		-	-
 <b>Total comprehensive income for the year</b>		<b>3,718,941</b>	<b>762,631</b>

The notes from pages 12 to 23 form part of the financial statements.

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# Standard Chartered Securities (Africa) Holdings Limited

(formerly First Africa Group Holdings Limited)

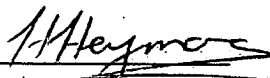
## Statement of financial position

at 31 December 2016

	Note	2016 US \$	2015 US \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiary undertakings	7	27,552,451	27,552,451
<b>Current assets</b>			
Trade and other receivables	8	15,909,738 4,429,939	12,733,889 1,258,995
Cash and cash equivalents	9	11,479,799	11,474,894
<b>Total assets</b>		<b>43,462,189</b>	<b>40,286,340</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	10	17,140,467 8,002,229	14,280,521 8,002,229
Share premium	10	4,595,921	4,595,921
Retained Earnings		4,542,317	1,682,371
<b>Current liabilities</b>			
Trade and other payables		26,321,722 33,992	26,005,819 16,587
Intergroup taxation creditor		30,495	-
Amounts due to group undertakings for UK		292,532	24,529
Tax payable	12.2	25,964,703	25,964,703
Loan payable – SCS Holdings (Africa) B.V	11		
<b>Total equity and liabilities</b>		<b>43,462,189</b>	<b>40,286,340</b>

The notes from pages 12 to 23 form part of the financial statements.

Approved by the Board and authorised for issue:-

  
 Director  
 Harriet Heymans

29/09/2017  
 Date

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

**Statement of changes in equity**

*For the year ended 31 December 2016*

	Ordinary shares US \$	Share premium US \$	Retained Earnings US \$	Total US \$
<b>Balance at 1 January 2015</b>	8,002,229	4,595,921	919,740	13,517,890
<i>Total comprehensive income for the year</i>				
Profit for the year	—	—	762,631	762,631
<b>Balance at 31 December 2015</b>	8,002,229	4,595,921	1,682,371	14,280,521
<i>Total comprehensive income for the year</i>				
Profit for the year	—	—	3,718,941	3,718,941
Dividends Paid	—	—	(858,995)	(858,995)
<b>Balance at 31 December 2016</b>	8,002,229	4,595,921	4,542,317	17,140,467

The notes from pages 12 to 23 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 2016

	<i>Note</i>	2016 US \$	2015 US \$
<b>Net cash inflow/ (outflow) from operating activities</b>		<b>863,900</b>	<b>(876,095)</b>
Cash generated /(utilised) in operations	12.1	4,905	(17,100)
Decrease/ (Increase) in Intercompany receivable		858,995	(858,995)
<b>Net cash inflow from investing activities</b>		<b>-</b>	<b>858,995</b>
Dividends received		-	858,995
<b>Net cash outflow from financing activities</b>		<b>(858,995)</b>	<b>-</b>
Dividends (paid)		(858,995)	-
<b>Net increase /(decrease) in cash and cash equivalents</b>		<b>4,905</b>	<b>(17,100)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>11,474,894</b>	<b>11,491,994</b>
<b>Cash and cash equivalents at end of year</b>	10	<b>11,479,799</b>	<b>11,474,894</b>

The notes from pages 12 to 23 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 2016*

### **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').

At 31 December 2016, 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.

#### **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 2016 was to act as an investment holding company for its subsidiary undertakings.

### **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 and not yet applicable**

The following pronouncements relevant and applicable to the Company were issued as at 31 December 2016 but have effective dates for periods beginning after 31 December 2016. 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 is currently being assessed by 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 2016 (continued)

### 3. Standards and interpretations issued and not yet applicable

Pronouncement	Description of impact
IFRS 9 – Financial Instruments	<p>IFRS 9 will replace IAS 39 Financial Instruments: Recognition and Measurement and introduce new requirements for the classification and measurement of financial assets and financial liabilities, a new model for recognising loan loss provisions based on expected losses and provide for simplified hedge accounting by aligning hedge accounting more closely with an entity's risk management methodology.</p> <p>IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&amp;L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.</p> <p>There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.</p> <p>IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.</p>

# **Standard Chartered Securities (Africa) Holdings Limited**

**(formerly First Africa Group Holdings Limited)**

## **Notes to the financial statements**

*for the year ended 31 December 2015 (continued)*

### **IFRS 15 - Revenue from Contracts with Customers**

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. [IFRS 15:1] Application of the standard is mandatory for annual reporting periods starting from 1 January 2018 onwards. Earlier application is permitted.

IFRS 15 Revenue from Contracts with Customers applies to all contracts with customers except for: leases within the scope of IAS 17 Leases; financial instruments and other contractual rights or obligations within the scope of IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures; insurance contracts within the scope of IFRS 4 Insurance Contracts; and non-monetary exchanges between entities in the same line of business to facilitate sales to customers or potential customers. [IFRS 15:5]

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## **Notes to the financial statements**

*for the year ended 31 December 2016 (continued)*

# **Standard Chartered Securities (Africa) Holdings Limited**

## **(formerly First Africa Group Holdings Limited)**

### **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 2016(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, 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 2016 (continued)

<b>5. Profit/Loss from operations</b>	<b>2016 US \$</b>	<b>2015 US \$</b>
(Loss)/Profit from operations is arrived at after taking into account the following:		
<i>Income</i>		
Dividend income	4,029,939	858,995
Foreign exchange gain	9,159	4,617
<i>Expenses</i>		
Auditors' remuneration		
- Audit fees	(15,895)	(12,772)
- Prior year (under)/over provision	(5,764)	1,997
- Impairment of subsidiary undertaking	-	(89,180)
	<b>4,017,439</b>	<b>763,657</b>
<b>6. Taxation</b>		
Tax on ordinary activities		
<i>Current tax</i>		
- UK Corporation tax at 20% (2015: 20.25%)		
- Current tax on income for the year	(2,500)	-
- Prior year adjustment	(1,247)	1,026
	-	-
<i>Foreign tax</i>		
- Current tax on income for the year	302,245	-
	<b>298,498</b>	<b>1,026</b>
<b>Tax charge</b>		
	<b>298,498</b>	<b>1,026</b>
<b>Reconciliation of total tax charge</b>		
Profit/(Loss) on ordinary activities before tax	<b>4,017,439</b>	<b>763,657</b>
Tax at 20 % (2015: 20.25%)	<b>803,488</b>	<b>154,641</b>
Effect of:		
- Non-deductible impairment	-	18,059
- Non-taxable dividend income	(805,988)	(173,946)
- Tax credit written off	-	-
- Unrecognised tax asset	-	1,246
- Prior year adjustment	(1,247)	1,026
- Foreign Withholding Tax	302,245	-
<b>Tax on profits on ordinary activities</b>	<b>298,498</b>	<b>1,026</b>

# Standard Chartered Securities (Africa) Holdings Limited

(formerly First Africa Group Holdings Limited)

## Notes to the financial statements

for the year ended 31 December 2016 (continued)

On 5 December 2012, the UK government announced a reduction in the UK corporation tax rate to 20 percent in 2015-16. This tax rate change has been substantively enacted as at 31 December 2016 giving a rate of 20% for the year ended 31 December 2016.

On 8 July 2015 the UK government announced changes to tax rates the effect of these reductions is to lower the rate to 19 percent in 2017-18 and to 18 percent in 2020-21. On 16th March 2016 the UK Government announced a further one percent reduction in the main rate of UK Corporation Tax in 2020-21, the effect of this reduction is to lower the rate to 17 percent in 2020-21. This rate change has been substantively enacted at the balance sheet date and accordingly these changes have been reflected in these Financial Statements.

Foreign withholding tax relates to tax withheld on dividend income.

### 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	99.99%	Corporate Finance Advisory
Standard Chartered Securities (Nigeria) Limited (SCS N) ***	Ordinary shares	99.99%	Corporate Finance Advisory

\* Incorporated in Kenya

\*\* Incorporated in Nigeria

The investment held in Standard Chartered Securities (Kenya) Limited and Standard Chartered Capital & Advisory (Nigeria) Limited is \$0.09 million (2015: 0.09 million) and \$27.46 million (2015: 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 and consequently unlikely to generate significant cash flows in the future.

# Standard Chartered Securities (Africa) Holdings Limited

(formerly First Africa Group Holdings Limited)

## Notes to the financial statements

for the year ended 31 December 2016 (continued)

	2016 US \$	2015 US \$
Opening balance	27,552,451	27,641,631
Impairment – Standard Chartered Securities (Kenya) Limited	-	(89,180)
Closing balance	<u>27,552,451</u>	<u>27,552,451</u>

They were no equity injections in the 2016 period (2015: Nil).

	2016 US \$	2015 US \$
<b>8. Trade and other receivables</b>		
Amount receivable from subsidiary company	<u>4,429,939</u>	<u>1,258,995</u>
	<u>4,429,939</u>	<u>1,258,995</u>

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

The increase in accounts receivable is primarily attributable to dividend declared by the Nigerian Subsidiary in December 2017 in the amount of \$4,03million

## 9. Cash and cash equivalents

Cash at bank and in hand	<u>11,479,799</u>	<u>11,474,894</u>
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Cash at bank earns interest at prevailing market rates. At 31 December 2016 and 31 December 2015 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 2016 (continued)*

	2016 US \$	2015 US\$
<b>10. Share capital and share premium</b>		
<i>Share capital</i>		
<i>Authorised</i>		
8,002,229 Ordinary shares of \$1 each (2015: 8,002,229)	8,002,229	8,002,229
	<u>8,000,229</u>	<u>8,002,229</u>
<i>Issued</i>		
8,002,229 Ordinary shares of \$1 each (2015: 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>
<b>11. Loan payable – Standard Chartered Securities Holdings Africa B.V</b>		
Loan payable	25,964,703	25,964,703

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

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## Notes to the financial statements

for the year ended 31 December 2016 (continued)

	2016 US \$	2015 US \$
<b>12. Notes to the cash flow statement</b>		
<b>12.1 Reconciliation of (loss)/profit before taxation to cash utilised in operations</b>		
(Loss)/Profit before taxation	4,017,439	852,837
Adjustments for non-cash and separately disclosed items:		
- Dividend income	(4,029,939)	(858,995)
Changes in working capital:		
- Increase/ (Decrease) in trade and other payables	17,405	(10,942)
Cash generated/ (utilised) in operations	<u>4,905</u>	<u>(17,100)</u>
<b>12.2 Taxation paid</b>		
Net balance at (receivable)/payable at the beginning of year	24,529	23,503
Current year tax charge	298,498	1,026
Intergroup taxation creditor	(30,495)	-
Balance receivable/(payable) at end of year	<u>(292,532)</u>	<u>(24,529)</u>
Taxation paid	<u>-</u>	<u>-</u>

# **Standard Chartered Securities (Africa) Holdings Limited**

**(formerly First Africa Group Holdings Limited)**

## **Notes to the financial statements**

*for the year ended 31 December 2016 (continued)*

### **13. Commitments and contingencies**

#### *Capital commitments*

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

### **14. Related parties**

Details of the company's ultimate controlling party are disclosed in the directors' report.

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 (2015: Nil).

Amounts owed by Standard Chartered Holdings B.V to the Company are disclosed in note 8. These loans were granted to 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 dividend of \$4.03 million from its subsidiary undertakings (2015:\$0.86million). 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 2016 (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 Securities 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.