

COMPANY NO: 06655421

**Abu Dhabi Commercial Bank
(UK Representative Office) Limited**

**Financial statements
for the year ended December 31, 2019**

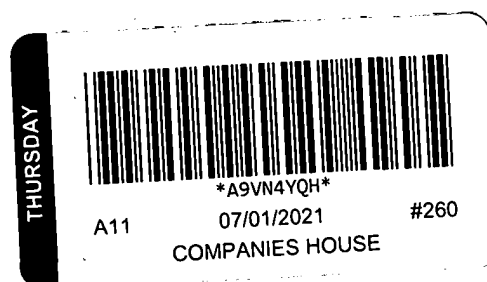


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Report of the Directors

For the year ended December 31, 2019

The Directors present their annual report on the affairs of Abu Dhabi Commercial Bank (UK Representative Office) Limited (the 'Company') together with the financial statements for the year ended December 31, 2019. The Company has taken advantage of the small companies' exemption in terms of Section 415A and 414B in respect of the preparation of a strategic report within this annual report and reduced disclosure for the Director's Report.

Principal activities

The principal activities of the Company are to carry on business as a general commercial company and act as a process service agent and representative office of Abu Dhabi Commercial Bank PJSC ("Parent Company").

The Company supports business development from wholesale clients of the Parent Company based in the UK and primarily supports clients of the major UK banks in meeting their banking needs in the UAE. The London office provides liaison with key head office functions and provides information and introductions to corporate and institutional entities trading or contracting with UAE clients of the Parent Company. Business development focus is on expanding this remit and growing volumes of corporate referral and transactional business flow between the UK and UAE.

Share capital

The share capital of the Company comprises of 1,617 fully authorised, issued and fully paid shares of GBP 1 each.

The shareholding structure of the Company is:

Shareholder's Name	Number of shares
Abu Dhabi Commercial Bank PJSC	1,617

Post balance sheet events

The existence of the novel coronavirus (Covid-19) was confirmed in early 2020 and its rapid spread across the globe is causing disruptions to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event.

Going concern

The Parent Company approved the closure of the Company in 2020. Upon execution the Company will be liquidated.

The financial statements are therefore not prepared on a going concern basis, appropriate valuation adjustments and disclosure notes relating to going concern are included in the financial statements. See note 3.2 for further information.

Dividends

No dividends have been proposed during 2019 (2018: GBP Nil).

Director's indemnities

The Company has no qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

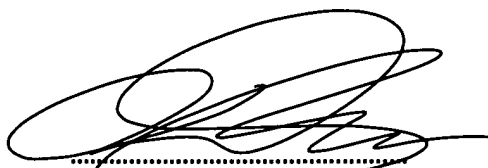
Report of the Directors (continued)
For the year ended December 31, 2019

Director


The Directors who served during the year and until signing of the financial statements are:

- Simon Copleston (resigned effective December 13, 2020)
- Kevin Taylor
- Colin Fraser (resigned effective December 8, 2019)
- Deepak Khullar
- Abdul Waheed Rathore (resigned effective January 27, 2019)

Signed on: December 31, 2020



Kevin Taylor
Director



Deepak Khullar
Director

Statement of Directors' Responsibilities

The directors are responsible for preparing the annual 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

Independent auditor's report to the members of Abu Dhabi Commercial Bank (UK representative office) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Abu Dhabi Commercial Bank (UK Representative Office) Limited (the 'company'):

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

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flow; and
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Financial statements prepared other than on a going concern basis

We draw attention to note 3 in the financial statements, which indicates that the financial statements have been prepared on a basis other than that of a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of Abu Dhabi Commercial Bank (UK representative office) Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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.



Christopher Mather FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
31 December 2020

ABU DHABI COMMERCIAL BANK (UK REPRESENTATIVE OFFICE) LIMITED

Statement of total comprehensive income

For the year ended December 31, 2019

	Note	2019 GBP	2018 restated (*) GBP
Operating expenses			
Staff expenses	8	(679,543)	(637,697)
Rent expense		(100,498)	(197,534)
Audit fee expense		(28,000)	(15,000)
Depreciation	5	(96,790)	-
Administration expense		(27,315)	(29,939)
Penalties on tax expense		(1,600)	(6,296)
Legal and other expenses		(4,132)	(281)
Other expenses		(3,657)	(8,974)
Total operating expenses		(941,535)	(895,721)
Financing expenses			
Finance cost on lease liability	5	(6,647)	-
Interest on tax liability		-	(682)
Total financing expenses		(6,647)	(682)
Loss before tax		(948,182)	(896,403)
Corporation tax expense	14	(24,143)	(20,986)
Net loss for the year from continuing operations		(972,325)	(917,389)
Other comprehensive income		-	-
Total comprehensive loss for the year		(972,325)	(917,389)

(*) refer note 12

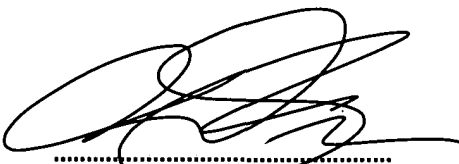
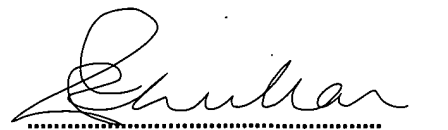
ABU DHABI COMMERCIAL BANK (UK REPRESENTATIVE OFFICE) LIMITED**Company No: 06655421****Statement of financial position**

As at December 31, 2019

	Notes	2019 GBP	2018 restated (*) GBP	2017 restated (*) GBP
ASSETS				
Cash on hand and bank account balance	4	31,996	25,001	1
VAT receivable	13	31,340	-	-
Security deposit		27,436	26,782	26,782
Right of use asset	5	338,764	-	-
Total assets		429,536	51,783	26,783
EQUITY AND LIABILITIES				
Equity				
Share capital	6	1,617	1,617	1,617
Equity share-based payment of Parent Company	10	41,737	36,167	22,255
Accumulated losses		(4,574,230)	(3,601,905)	(2,684,516)
Total equity		(4,530,876)	(3,564,121)	(2,660,644)
Liabilities				
Trade and other payables	7	207,698	222,351	203,220
Due to Parent Company	9	4,301,190	3,307,874	2,419,514
Lease liability	5	341,702	-	-
Provision for corporation tax	14	109,822	85,679	64,693
Total liabilities		4,960,412	3,615,904	2,687,427
Net liabilities		429,536	51,783	26,783

(*) refer note 12

These financial statements were approved by the Board of Directors and authorised for issue on December 31, 2020 and signed on its behalf by:


.....
Kevin Taylor
Director
.....
Deepak Khullar
Director

The notes on pages 13 to 28 form an integral part of these financial statements.

ABU DHABI COMMERCIAL BANK (UK REPRESENTATIVE OFFICE) LIMITED

Statement of changes in equity

For the year ended December 31, 2019

	Share capital GBP	Equity share-based payment of Parent Company GBP	Accumulated losses GBP	Total equity GBP
Balance at January 1, 2018	1,617	22,255	(2,429,830)	(2,405,958)
Restatement (note 12)	-	-	(254,686)	(254,686)
Balance as at January 1, 2018 (restated)	1,617	22,255	(2,684,516)	(2,660,644)
Total comprehensive loss for the year (restated)	-	-	(917,389)	(917,389)
Capital contribution	-	13,912	-	13,912
Balance at January 1, 2019 (restated)	1,617	36,167	(3,601,905)	(3,564,121)
Total comprehensive loss for the year	-	-	(972,325)	(972,325)
Capital contribution	-	5,570	-	5,570
Balance at December 31, 2019	1,617	41,737	(4,574,230)	(4,530,876)

ABU DHABI COMMERCIAL BANK (UK REPRESENTATIVE OFFICE) LIMITED

Statement of cash flows

For the year ended December 31, 2019

	2019 GBP	2018 restated (*) GBP
OPERATING ACTIVITIES		
Net loss for the year before tax	(948,182)	(896,403)
Adjustments for:		
Equity share-based payment of Parent Company (Note 10)	5,570	13,912
Cash flow from operating activities before changes in operating assets and liabilities	(942,612)	(882,491)
Increase in security deposit	(654)	-
Increase in VAT receivable	(31,340)	-
(Decrease)/increase in trade and other payables	(14,653)	19,131
Cash outflow from operations	(989,259)	(863,360)
FINANCING ACTIVITIES		
Increase in due to Parent Company	993,316	888,360
Increase in lease liability	341,702	-
Cash inflow from financing activities	1,335,018	888,360
INVESTING ACTIVITIES		
Increase in right of use asset	(338,764)	-
Cash inflow from investing activities	(338,764)	-
Net change in cash and cash equivalents	6,995	25,000
Cash and cash equivalents at the beginning of the year	25,001	1
Cash and cash equivalents at the end of the year	31,996	25,001

(*) refer note 12

ABU DHABI COMMERCIAL BANK (UK REPRESENTATIVE OFFICE) LIMITED

Notes to the financial statements

December 31, 2019

1. General information

Abu Dhabi Commercial Bank (UK Representative Office) Limited by shares (the "Company") is a limited liability private company incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales under company number 06655421 on July 24, 2008. The Company is a 100 % owned subsidiary of Abu Dhabi Commercial Bank PJSC (the "Parent Company") incorporated in the United Arab Emirates. The registered office of the Company is located at 7th Floor, 90 High Holborn, London WC 1V 6XX, United Kingdom.

The principal activities of the Company are to carry on business as a general commercial company and act as a process service agent and representative office of the Parent Company.

The Company's treasury and cash needs are managed by the Parent Company.

The Company has 2 employees for the year 2019 (2018: 2 employees). There was no Director's remuneration paid in 2019 and 2018.

The Parent Company approved the closure of the company in 2020. Upon execution, the Company will be liquidated. The financial statements are therefore not prepared on a going concern basis, appropriate valuation adjustments and disclosure notes relating to going concern are included in the financial statements. See note 3.2 for further information.

2. Application of new and revised International Financial Reporting Standards (IFRSs)

The Company has applied the following new accounting standards and amendments to IFRSs issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2019. The application of these new accounting standards and amendments to IFRSs has not had any material impact on the amounts reported for the current and prior periods but may affect the accounting for the Company's future transactions or arrangements.

- IFRS 16 leases
- Annual Improvements to IFRSs 2015–2017 Cycle amending IFRS 3, IFRS 11, IAS 12 and IAS 23
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments in IFRS 9 Financial Instruments relating to prepayment features with negative compensation
- Amendment to IAS 19 Employee Benefits
- Amendments in IAS 28 Investments in Associates and Joint Ventures relating to long-term interests in associates and joint ventures

Other than the above, there are no other significant IFRSs and amendments that were effective for the first time for the financial year beginning on or after January 1, 2019.

ABU DHABI COMMERCIAL BANK (UK REPRESENTATIVE OFFICE) LIMITED

Notes to the financial statements

December 31, 2019

2. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

Standards and Interpretations in issue but not yet effective

The Company has not early adopted any new and revised IFRSs that have been issued but are not yet effective.

New standards and significant amendments to standards applicable to the Company:	Effective for annual periods beginning on or after
Amendments to references to the Conceptual Framework in IFRS Standards - amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020
Amendment to IFRS 3 regarding the definition of business.	January 1, 2020
Amendments to IAS 1 and IAS 8 regarding the definition of materiality.	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform	January 1, 2020
IFRS 17 Insurance Contracts which requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of January 1, 2022.	January 1, 2022

Management anticipates that these IFRSs and amendments will be adopted in the initial period when they become mandatorily effective and will have no material impact on the financial statements of the Company.

3. Summary of significant accounting policies

3.1 Basis of preparation and measurement

The Parent Company approved the closure of the company in 2020. Upon execution the Company will be liquidated. The financial statements are therefore not prepared on a going concern basis, appropriate valuation adjustments and disclosure notes relating to going concern are included in the financial statements. See note 3.2 for further information.

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

IFRSs comprise accounting standards issued by the IASB as well as Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

3.2 Basis of preparation and measurement

Due to the decision taken by the Parent Company to unwind the company, the directors have prepared the financial statements on the basis that the company is no longer a going concern. The directors have assessed that no impact to the financial statements resulting from the change in the basis of preparation.

ABU DHABI COMMERCIAL BANK (UK REPRESENTATIVE OFFICE) LIMITED

Notes to the financial statements

December 31, 2019

3. Summary of significant accounting policies (continued)

3.3 Functional and presentation currency

The financial statements are prepared and presented in Great Britain Pound (GBP), which is the Company's functional and presentation currency.

3.4 Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of the 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.

There are no key assumptions concerning the future and other key sources of estimation of uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

3.5 Change in accounting policy

General impact of application of IFRS 16 Leases

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases-Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'). The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

IFRS introduces significant changes to the lessee accounting by removing the distinction between operating and finance lease and requires the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The date of initial application of IFRS 16 for the Company is January 1, 2019. Management has assessed that there is no impact of adoption of IFRS 16 on the Company's financial statements.

Accounting policies for accounting of leases till December 31, 2018

The determination of whether an arrangement is a lease or it contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Company as a lessee - Leases which do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the consolidated income statement on a straight line basis over the lease term. Contingent rentals payable are recognised as an expense in the period in which they are incurred.

3. Summary of significant accounting policies (continued)

3.5 Change in accounting policy (continued)

Accounting policies introduced on adoption of IFRS 16

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangement in which it is the lessee, except for short-term (defined as leases with a lease term of 12 months or less) and leases of low value asset. For these leases, the Company recognises the lease payments as an operating lease on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. This expense is presented within other expenses in the consolidated income statement.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the period of lease term or useful life of the underlying asset whichever is shorter. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as per the Company's impairment policy for non-financial assets.

3.6 Foreign currencies

Transactions in currencies other than GBP are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are revalued at the rates prevailing at the end of the reporting period. Profits or losses arising on exchange are included in the statement of total comprehensive income.

3.7 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

3. Summary of significant accounting policies (continued)

3.7 Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

Debt instruments measured at FVTOCI

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is to hold and sell financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through profit or loss (FVTPL)

A financial asset is measured at fair value through profit or loss if:

- It does not generate cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding; or
- It is not held within a business model whose purpose is either to generate contractual cash flows, or to both collect contractual cash flows and sell; or
- At inception, it is irrevocably designated as measured at FVTPL.

ABU DHABI COMMERCIAL BANK (UK REPRESENTATIVE OFFICE) LIMITED

Notes to the financial statements

December 31, 2019

3. Summary of significant accounting policies (continued)

3.7 Financial instruments (continued)

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Impairment of financial assets

The Company recognises expected credit loss (ECL) on amortised cost financial instruments. No impairment loss is recognised on equity investments.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL that result from all possible default events over the life of the financial instrument,

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Company under the contract and the cash flows that the Company expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances. An entity shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 and do not contain a significant financing component.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs and the identification of a significant increase in credit risk.

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets.

3. Summary of significant accounting policies (continued)

3.7 Financial instruments (continued)

Write-offs

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

3.8 Fair value measurement

The Company measures its financial assets and liabilities that are held at fair value at market price that it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market, or in its absence in the most advantageous market for the assets or liabilities. The Company considers principal market as the market with the greatest volume and level of activity for financial assets and liabilities.

The Company measures its non-financial assets at a price that takes into account a market participant's ability to generate economic benefits by using the assets for their highest and best use.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Company has access at that date on the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The fair value of a liability reflects its non-performance risk.

3.9 Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the statement of total comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the statement of total comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. Summary of significant accounting policies (continued)

3.10 Employee benefits

(a) Termination benefits

Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(c) Employees' incentive plan shares of Parent Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of comprehensive income over the remaining vesting period, with a corresponding adjustment to liability.

For cash-settled share based payments, the Company measures the services acquired and the liability incurred at the fair value of the liability. At each reporting date, the liability is measured at its fair value until the liability is settled, with any changes in fair value recognised in the statement of comprehensive income.

3.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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3. Summary of significant accounting policies (continued)**3.12 Taxation**

Provision is made for taxes at rates enacted or substantively enacted by the statement of financial position date on taxable profits in accordance with the fiscal regulations of the country in which the Company operates. Deferred taxation is accounted for in full for all temporary differences between the carrying amount of an asset or liability for accounting purposes and its carrying amount for tax purposes. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered. Corporation tax 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.

4. Cash on hand and bank account balance

Cash on hand of GBP 1 (2018: GBP 1) represents the physical cash available as at the statement of financial position date and bank account balance as at December 31, 2019 is GBP 31,995 (2018: GBP 25,000)

5. Right of use asset and lease liability

	2019 GBP
Right of use asset	
As at January 1 2019	-
Additions	435,553
Depreciation	(96,790)
As at 31 December 2019	338,764

The company leases one office for a term of 2 years. The additions represents the renewal of the lease which expired during the current financial year. The renewal maturity is September 2021.

	2019 GBP
Lease liability	
As at January 1 2019	-
Additions	435,553
Interest	6,647
Payments	(100,498)
As at 31 December 2019	341,702

Maturity analysis for lease liability

	2019 GBP
Lease liability	
Year 1	200,997
Year 2	150,748
	351,745
Less: unearned interest	(10,043)
	341,702

	2019 GBP
Lease liability	
Non-current	192,696
Current	149,006
	341,702

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5. Right of use asset and lease liability (continued)**Amounts recognised in profit and loss**

	2019 GBP
Depreciation expense on right of use asset	96,790
Finance cost on lease liability	6,647

6. Share capital

The share capital of the Company comprises of 1,617 fully authorised, issued and fully paid shares of GBP 1 each.

The shareholding structure of the Company is:

Shareholder's Name	Number of shares
Abu Dhabi Commercial Bank PJSC	1,617

7. Trade and other payables

	2019 GBP	2018 restated(*) GBP
Bonus payable	139,447	138,431
Tax penalties payable	34,282	32,682
Audit fee payable	28,000	26,500
Others	5,969	24,738
	207,698	222,351

(*) refer note 12

8. Staff expenses

	2019 GBP	2018 GBP
Wages, salaries and allowances	485,404	474,368
Social security cost	117,904	92,769
Others	76,235	70,560
	679,543	637,697

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Notes to the financial statements

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9. Transactions and balances with related parties

The Company enters into transactions with the Parent Company and its related entities, directors and senior management of the Parent Company, related entities of the directors and senior management of the Ultimate Parent Company, the Government of Abu Dhabi ("Ultimate controlling party") and its related entities and directors of the Company in the ordinary course of business.

The Company's immediate parent and the smallest group into which the Company is consolidated is Abu Dhabi Commercial Bank PJSC ("ADCB"). Financial statements for this parent are available at Abu Dhabi Commercial Bank Head Office Building, Sheikh Zayed Bin Sultan Street, Plot C- 33, Sector E-11, P. O. Box 939, Abu Dhabi, UAE.

Ultimate controlling party

Abu Dhabi Investment Council is the Parent Company of ADCB. Abu Dhabi Investment Council was established by the Government of Abu Dhabi pursuant to law No. 16 of 2006 and so the Ultimate Controlling Party is the Government of Abu Dhabi.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company, being the general manager of the Company.

Related party balances included in the statement of financial position are as follows:

	2019	2018
	GBP	GBP
Due to Parent Company	4,301,190	3,307,874

The Parent Company provides operational and functional support to the Company with respect to human resources, information technology, payments and accounting services.

Remuneration of key management employee included in the statement of comprehensive income is as follows:

	2019	2018
	GBP	GBP
Short-term benefits	192,894	196,088
Social security costs	59,821	54,202
Variable pay benefits	77,975	77,407
	330,690	327,697

In addition to the above, the key management personnel was granted long term deferred compensation of GBP 38,651 (2018: GBP 35,529) which comprise of deferred shares GBP Nil (2018: GBP Nil) (Note 10) and deferred cash of GBP 38,651 (2018: GBP 35,529). For the year ended December 31, 2019, key management have had GBP 35,866 (December 31, 2018: GBP 39,668) of long term compensation vested which includes GBP 5,570 (2018: GBP 13,912) of share based payments.

ABU DHABI COMMERCIAL BANK (UK REPRESENTATIVE OFFICE) LIMITED

Notes to the financial statements

December 31, 2019

10. Employees' incentive plan shares of the Parent Company

ADCB (the "Parent Company") has established Deferred Compensation Plan (the "Plan") to recognise and retain good performing employees. Under the Plan, the employees are granted equity shares of ADCB when they meet the vesting conditions at a price prevailing at the grant date. For the year, an amount of GBP 5,570 (2018: GBP 13,912) has been recognised as staff expense with a corresponding increase in equity. This being a non-cash transaction has not been reflected in the statement of cash flows.

For the year ended December 31, 2019, the incentive plan declared by the Parent Company pertaining to the employee of the Company is as follows:

Grant date	January 1, 2017
Fair value of the granted shares at the grant date (GBP)	16,709
Last Vesting date	December 31, 2019

Vesting conditions – annually for a period of three years from the grant date or meeting special conditions during the vesting period (death, disability, retirement, termination or achieving the budgeted performance).

11. Financial instruments and risk management

11.1 Capital risk management

The Company does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective. There was no change during the year in the Company's capital risk management strategy as compared to 2018.

11.2 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from the Company's security deposit receivable.

11.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. The Parent Company is the major source of funding for the Company and liquidity risk for the Company is assessed to be low since there are no expectations that the funding will be called by the parent company.

The table below summarises the maturity profile of the Company's assets and liabilities. The contractual maturities of the assets and liabilities have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. The maturity profile is monitored by management to ensure adequate liquidity is maintained. The maturity profile of the assets and liabilities at the end of the reporting period is as follows:

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December 31, 2019

11. Financial instruments and risk management (continued)

As at December 31, 2019	Total GBP	0-180 days GBP	181 – 360 days GBP	More than 1 year GBP
Cash on hand and bank account balance	31,996	31,996	-	-
Security deposit	27,436	-	-	27,436
VAT receivable	31,340	-	31,340	-
Right of use asset	338,764	96,790	96,790	145,184
Total assets	429,536	128,786	128,130	172,620
Trade and other payables	207,698	207,698	-	-
Due to Parent Company	4,301,190	4,301,190	-	-
Lease liability	341,702	95,506	97,190	149,006
Provision for corporation tax	109,822	-	109,822	-
Total liabilities	4,960,412	4,604,394	207,012	149,006
Liquidity gap	(4,530,876)	(4,475,608)	(78,882)	23,614
As at December 31, 2018 (restated)				
Cash on hand	25,001	25,001	-	-
Security deposit	26,782	-	-	26,782
Total assets	51,783	25,001	-	26,782
Trade and other payables	222,351	222,351	-	-
Due to Parent Company	3,307,874	3,307,874	-	-
Provision for corporation tax	85,679	-	85,679	-
Total liabilities	3,615,904	3,530,225	85,679	-
Liquidity gap	(3,564,121)	(3,505,224)	(85,679)	26,782

11.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company does not maintain any interest bearing assets or liabilities or quoted and unquoted securities whereby it is exposed to market risk.

11.5 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the net interest income of the Company. The Company does not maintain any variable interest bearing assets or liabilities whereby it is exposed to interest rate risk.

11.6 Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities in the financial statements approximate their fair values.

ABU DHABI COMMERCIAL BANK (UK REPRESENTATIVE OFFICE) LIMITED**Notes to the financial statements**

December 31, 2019

12. Restatement of prior year

During the year, the Company carried out a review to determine the estimated levels of corporation tax payable in respect of prior periods of GBP 85,679 and the associated interest and penalties payable of GBP 32,682 which has resulted in the restatement of prior period financial information.

Further, the Company identified that a rent expense of GBP 164,289 pertaining to the year 2014 that had been settled by the Parent Company had not been recognised in the Company's financial statements. The Company has therefore restated prior period financial information.

Below tables illustrate the impact of this restatement on the comparative financial information:

Statement of financial position	2018 (as previously reported) GBP	Restatement GBP	2018 restated GBP
Equity			
Accumulated losses	(3,319,255)	(282,650)	(3,601,905)
Liabilities			
Due to Parent Company	3,143,585	164,289	3,307,874
Trade and other payables	189,669	32,682	222,351
Provision for corporation tax	-	85,679	85,679
Statement of financial position	2017 (as previously reported) GBP	Restatement GBP	2017 restated GBP
Equity			
Accumulated losses	(2,429,830)	(254,686)	(2,684,516)
Liabilities			
Due to Parent Company	2,255,225	164,289	2,419,514
Trade and other payables	177,516	25,704	203,220
Provision for corporation tax	-	64,693	64,693
Statement of total comprehensive income	2018 (as previously reported) GBP	Restatement GBP	2018 restated GBP
Penalties on tax expense	-	(6,296)	(6,296)
Interest on tax liability	-	(682)	(682)
Corporation tax expense	-	(20,986)	(20,986)

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12. Restatement of prior year (continued)

Statement of changes in equity – Accumulated losses	2018 (as previously reported)	Restatement	2018 restated
	GBP	GBP	GBP
Balance at January 1, 2018	(2,429,830)	(254,686)	(2,684,516)
Total comprehensive loss for the year	(889,425)	(27,964)	(917,389)
Balance at January 1, 2019	(3,319,255)	(282,650)	(3,601,905)

Statement of cash flows	2018 (as previously reported)	Restatement	2018 restated
	GBP	GBP	GBP
Operating activities			
Net loss for the year before tax	(889,425)	(6,978)	(896,403)
Increase in trade and other payables	12,153	6,978	19,131

13. VAT receivable

The Company is entitled to claim input tax credit for VAT paid on valid tax invoices. VAT receivable represents such amounts which are expected to be refunded back to the Company on account of input tax credit. VAT credit has been netted off from administration expenses in the statement of total comprehensive income.

14. Taxation

The below table illustrates the movement for the provision for corporation tax:

	GBP
Corporation tax payable as at January 1, 2018 (restated)	64,693
2018 charge for the period (restated)	20,986
Corporation tax payable as at January 1, 2019 (restated)	85,679
2019 charge for the period	24,143
Corporation tax payable as at December 31, 2019	109,822

On March 11, 2020, it was announced (and substantively enacted on March 17, 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from April 1, 2020. Accordingly, the provision for corporation tax has been calculated at 19%.

	2019 GBP	2018 GBP
Loss before tax	(948,182)	(896,403)
Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(180,155)	(170,317)
Other (*)	204,298	191,213
Total tax charge	24,143	20,986

(*) Other reflects the difference between the Company's best estimate of the tax charge for the year and the expected tax credit based on the standard rate of UK corporation tax. The 2019 charge has been restated following the Company's review of UK Corporation Tax as set out in note 12.

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15. Subsequent event

The existence of the novel coronavirus (Covid-19) was confirmed in early 2020 and its rapid spread across the globe is causing disruptions to businesses and economic activity. The Company considers this outbreak to be a non-adjusting post balance sheet event.