

Registered number: 2098143

# **SNC INTERNATIONAL (HOLDINGS) LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 December 2012**

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**SNC INTERNATIONAL (HOLDINGS) LIMITED**

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**COMPANY INFORMATION**

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**Directors**

T C Martin  
R I Jones  
P J Wood

**Company Secretary**

Merrill Lynch Corporate Services Limited

**Registered Office**

2 King Edward Street  
London  
EC1A 1HQ

**Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
7 More London Riverside  
London  
SE1 2RT

## **SNC INTERNATIONAL (HOLDINGS) LIMITED**

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## **SNC INTERNATIONAL (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT**

**For the year ended 31 December 2012**

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The directors present their report and the audited financial statements of SNC International (Holdings) Limited (the "Company") for the year ended 31 December 2012

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and a fair view of the state of affairs of the Company and of the profit or loss of the Company for the year.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **PRINCIPAL ACTIVITIES**

The principal activity of SNC International (Holdings) Limited ("the Company") is to act as an investment holding company within the Bank of America ("BAC") group companies.

Following the group reorganisation, the directors are considering the future activity of the Company.

#### **BUSINESS REVIEW**

During the year, as part of the group reorganisation, the Company sold its shareholding in SNC Farringdon International (Holdings) BV to its parent Smith Bros Limited ("SBL"). See note 5 for additional details.

As part of the group restructure, the Company paid a dividend of £520,251,000 (2011: £132,845,000).

BAC manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators for the Company are not necessary, appropriate or relevant for an understanding of the development, performance or position of the business.

#### **RESULTS**

The profit for the year, after taxation, amounted to £454,723,000 (2011: £129,545,000).

## **SNC INTERNATIONAL (HOLDINGS) LIMITED**

### **DIRECTORS' REPORT**

**For the year ended 31 December 2012**

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#### **GOING CONCERN**

The directors have a reasonable expectation, based on current and anticipated future performance that the Company will continue in operational existence for the foreseeable future. The financial statements of the Company have, therefore, been prepared on a going concern basis.

#### **RISK MANAGEMENT**

Legal entity governance is built on the Bank of America Corporation comprehensive approach to risk management. BAC's risk management objectives and policies are described in the notes to the financial statements. The notes also describe the Company's applicable exposures in relation to the seven key risk types (market, credit, operational, liquidity, reputational, strategic and compliance risks), see note 11.

#### **DIRECTORS**

The directors who served during the year and up to the date of signing this report were as follows:

T. C. Martin  
C. I. Reynolds (resigned 22 October 2012)  
R. I. Jones  
P. J. Wood (appointed 8 November 2012)

#### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

This report was approved by the Board on 7 August 2013 and signed on its behalf:



P. J. Wood  
Director

## **SNC INTERNATIONAL (HOLDINGS) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SNC INTERNATIONAL (HOLDINGS) LIMITED**

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We have audited the financial statements of SNC International (Holdings) Limited for the year ended 31 December 2012, which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**SNC INTERNATIONAL (HOLDINGS) LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF SNC INTERNATIONAL (HOLDINGS) LIMITED**

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**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



Matthew Falconer (Senior Statutory Auditor)

for and on behalf of

**PricewaterhouseCoopers LLP**

Chartered Accountants and Statutory Auditors

7 More London Riverside  
London  
SE1 2RT

7 August 2013

**SNC INTERNATIONAL (HOLDINGS) LIMITED****PROFIT AND LOSS ACCOUNT****For the year ended 31 December 2012**

	<b>Note</b>	<b>2012 £000</b>	<b>2011 £000</b>
Dividends and similar income	2	<u>200,050</u>	<u>129,637</u>
<b>OPERATING PROFIT</b>		<b>200,050</b>	<b>129,637</b>
Interest receivable and similar income	3	-	25
Gain on disposal of fixed asset investment	5	<b>254,673</b>	-
Gain/(loss) on foreign exchange		<u>-</u>	<u>(117)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>454,723</b>	<b>129,545</b>
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>454,723</u></b>	<b><u>129,545</u></b>

Profit on ordinary activities before taxation derives wholly from continuing operations

There were no recognised gains or losses for either year other than the gain for the years and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 7 to 12 form part of these financial statements



**SNC INTERNATIONAL (HOLDINGS) LIMITED****BALANCE SHEET****As at 31 December 2012**

	Note	£000	2012 £000	£000	2011 £000
<b>FIXED ASSETS</b>					
Investments	5		7		65,566
<b>CURRENT ASSETS</b>					
Debtors	6	<u>38</u>		<u>7</u>	
<b>NET CURRENT ASSETS</b>			<u>38</u>		<u>7</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>45</b>		<b>65,573</b>
<b>NET ASSETS</b>			<u><b>45</b></u>		<u><b>65,573</b></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	7		-		38,348
Share premium account	9		-		27,211
Profit and loss account	9		<u>45</u>		<u>14</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	10		<u><b>45</b></u>		<u><b>65,573</b></u>

The financial statements were approved and authorised for issue by the Board on 7 August 2013. They were signed on its behalf by



P J Wood

**Director**

The notes on pages 7 to 12 form part of these financial statements

**1. ACCOUNTING POLICIES**

**1.1 Basis of accounting**

The financial statements have been prepared in accordance with United Kingdom Accounting Standards and applicable law (together UK GAAP) and the going concern assumption has been used in the preparation of the financial statements as detailed in the Directors' Report. The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied and in accordance with the Companies Act 2006.

**1.2 Accounting convention**

The financial statements have been prepared under the historical cost convention.

**1.3 Cash flow statement**

The Company is exempt from the requirement to prepare a cash flow statement under Financial Reporting Standard 1 (Revised 1996) – "Cash Flow Statements", as a consolidated cash flow statement is included in the publicly available consolidated financial statements of the ultimate parent company, BAC.

**1.4 Interest receivable and similar income**

Interest receivable and similar income are recognised on an accruals basis using the effective interest method.

**1.5 Dividend income**

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

**1.6 Group financial statements**

The Company has taken advantage of the exemption in Section 400 of the Companies Act 2006 from the obligation to prepare and deliver group financial statements since the Company is a wholly owned subsidiary of Merrill Lynch UK Holdings ("MLUKH") which prepares group financial statements (see note 12). Accordingly, the Company's financial statements present information about it as an individual undertaking and not about its group.

**1.7 Investments**

Fixed asset investments are stated at cost less provision for impairment. At each reporting date, the Company assesses whether there is any indication that its fixed asset investments are impaired. Impairment tests are performed annually or more frequently if events or changes in circumstances indicate that an investment might be impaired.

The amount of impairment is measured as the difference between the asset's carrying amount and the recoverable amount. The recoverable amount is the higher of its net realisable value and the investment's value in use. The carrying amount of the asset is reduced accordingly and the amount of the loss is recognised in the profit and loss account.

**1.8 Translation of foreign currencies**

Revenues and expenses arising from transactions to be settled in foreign currencies are translated into Sterling at average monthly market rates of exchange.

Monetary assets and liabilities are translated into Sterling at the market rates of exchange ruling at the balance sheet date. Exchange differences arising from the translation of foreign currencies are reflected in the profit and loss account.

Non-monetary assets that are measured in terms of historical cost in a foreign currency are translated into the functional currency using the foreign currency rate at the date of the initial transaction.

The financial statements have been presented in Sterling which is also the functional currency of the Company.

**SNC INTERNATIONAL (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2012**

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**1. ACCOUNTING POLICIES (continued)****1.9 Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

**1.10 Financial assets**

The Company classifies its financial assets as loans and receivables. Loans and receivables are carried at amortised cost using the effective interest method less an allowance for any impairment. Interest calculated using the effective interest method is recognised in the profit and loss account.

**2. OPERATING PROFIT**

Operating profit is stated after charging the following

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Dividends	<b>200,024</b>	129,637
Final distribution from associated undertaking	<b>26</b>	-

During the year, no director received any emoluments (2011: £nil). The Company did not have any employees in the current or preceding year.

Fees payable for the audit of the Company's financial statements amounted to £10,000 (2011: £10,000) and were borne by an affiliated company.

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from group companies	-	25

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
UK corporation tax on profits of the period	-	-

**SNC INTERNATIONAL (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2012

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)****Factors affecting the current tax charge**

The tax assessed for the year is lower (2011 lower) than the standard rate of corporation tax in the UK applicable to the Company of 24.5% (2011 26.5%). The differences are explained below

	2012 £000	2011 £000
Profit on ordinary activities before taxation	454,723	129,545
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	111,407	34,329
<b>Effects of</b>		
Income not subject to taxation	(111,401)	(34,353)
Expenses not deductible for tax purposes	-	31
Tax losses claimed from affiliated companies for no payment	(6)	(7)
<b>Current tax for the year</b>	-	-

**5. FIXED ASSET INVESTMENTS**

	Investment in Subsidiary undertaking £000	Investment in Associated undertaking £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2012	65,559	258	65,817
Disposals	(65,559)	-	(65,559)
At 31 December 2012	-	258	258
<b>Provision for impairment</b>			
At 1 January 2012	-	(251)	(251)
At 31 December 2012	-	(251)	(251)
<b>Net book value</b>			
At 1 January 2012	65,559	7	65,566
At 31 December 2012	-	7	7

The directors believe that the carrying value of the investment is supported by its underlying net assets

**Subsidiary undertaking**

On 29 March 2012 the Company received a dividend of £200,024,000 from SNC Farrington International (Holdings) BV

On 19 September 2012, the Company sold its shareholding in SNC Farrington International (Holdings) BV to its immediate parent company, SBL for a fair value consideration of £320,232,000. This resulted in a gain on disposal of £254,673,000 which has been recorded in the Profit and Loss account

**Associated undertaking**

The associated undertaking is an unlisted company, Smith Zain (Penang) Sdn Bhd ("SZP"), formerly Smith Zain Securities Sdn Bhd. SZP's financial year end date is 31 December and it has one class of ordinary shares of which 2,000,000 have been issued. The Company holds 40% of the issued equity share capital. SZP was incorporated in Malaysia. It ceased its business and operation in 2002 and since then remains dormant.

**SNC INTERNATIONAL (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2012****6. DEBTORS**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by affiliated companies	<u><b>38</b></u>	<u><b>7</b></u>

Amounts owed by affiliated companies are unsecured and have no fixed date of repayment

**7. CALLED UP SHARE CAPITAL**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
2 (2011 38,348,165) ordinary shares of £1 each	<u>-</u>	<u>38,348</u>

On 10 August 2012, the Company reduced its share capital from 38,348,165 ordinary shares of £1 each to 2 ordinary shares of £1 each, by the cancellation and extinguishment of 38,348,162 ordinary shares of £1 each registered in the name of SBL and 1 ordinary share of £1 registered in the name of SNC Securities Limited

**8. DIVIDENDS**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Dividend paid £260,125,257 50 (2011 £3 46) per share	<u><b>520,251</b></u>	<u><b>132,845</b></u>

**9. RESERVES**

	<b>Share premium account £000</b>	<b>Profit and loss account £000</b>
At 31 December 2011	<b>27,211</b>	<b>14</b>
Profit for the year	-	<b>454,723</b>
Cancellation and extinguishment of share capital		<b>38,348</b>
Converted share premium	<b>(27,211)</b>	<b>27,211</b>
Dividend paid	-	<b>(520,251)</b>
At 31 December 2012	<u>-</u>	<u><b>45</b></u>

On 10 August 2012, the Company reduced its share capital by £38,348,000 (see note 7) and transferred this amount to distributable reserves. At the same time, the Company converted share premium of £27,211,000 into distributable reserves.

**SNC INTERNATIONAL (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2012****10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2012	2011
	£000	£000
Profit for the year	454,723	129,545
Dividends paid	(520,251)	(132,845)
Opening shareholders' funds	65,573	68,873
Closing shareholders' funds	45	65,573

**11. RISK MANAGEMENT****Legal entity governance**

Legal entity governance is built on the BAC comprehensive approach to risk management, fully integrating risk management with strategic, financial and customer / client planning so that goals and responsibilities align across BAC. BAC's risk appetite and risk exposures are aligned

The risk management approach has five components

- Risk culture,
- Risk philosophy and appetite,
- Risk governance and organisation,
- Risk transparency and reporting, and
- Risk management processes, including the Identify, Mitigate, Monitor and Report ("IMMR") process which consists of Identify and measure, Mitigate and control, Monitor and test and Report and review. IMMR underpins all day-to-day risk management activities and is embedded in each part of our risk management approach

Focusing on the five components allows risks to be effectively managed across the seven key risk types (market, credit, operational, liquidity, reputational, strategic and compliance risks)

Set out below is a summary of the Company's approach to its key risk types

**Market risk**

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates, equity and commodity prices or credit spreads. The level of market risk is influenced by the volatility and liquidity in the markets in which financial instruments are traded

Some market risks the company is exposed to are described below

**Currency risk**

The Company is exposed to currency risk. Currency risk arises from the possibility that fluctuations in foreign exchange rates will affect the value of financial assets. The Company does not hedge this exposure

**12. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption from related party disclosures available in Paragraph 3(c) of Financial Reporting Standard No 8 – “Related Party Disclosures, as both the Company and the related parties are wholly-owned subsidiaries of BAC and the consolidated financial statements of the ultimate parent company are publicly available as noted below

There were no related party transactions other than those with affiliated companies covered by the exemption noted above

**13. PARENT UNDERTAKINGS**

The Company's immediate parent company is Smith Bros Limited and the ultimate parent company and controlling party is BAC, a company which is organised and existing under the laws of the State of Delaware in the United States of America. The parent company of the largest group that includes the Company and for which group financial statements are prepared is BAC. Copies of BAC's financial statements can be obtained from the Corporate Secretary's office, 214 North Tryon Street, Charlotte, North Carolina, 28202, U S A. The parent undertaking of the smallest group, including the Company, which prepares group financial statements is MLUKH, a company incorporated in United Kingdom. Copies of the group financial statements of MLUKH are available from the Company Secretary, 2 King Edward Street, London, EC1A 1HQ.

**14. POST BALANCE SHEET EVENT**

On 29 May 2013, the Company declared a dividend to SBL amounting to £39,004