

Registration Number: 2562881

**ABC INVESTMENT HOLDINGS LIMITED**

**DIRECTOR'S REPORT, STRATEGIC REPORT  
AND FINANCIAL STATEMENTS**

**For the year ended 31 December 2016**



**DIRECTOR**

PAUL JENNINGS

**SECRETARY**

DAVID THOMAS HOLDEN

**AUDITORS**

Ernst & Young LLP  
25 Churchill Place  
London E14 5EY

**REGISTERED OFFICE**

Arab Banking Corporation House  
1 - 5 Moorgate  
London EC2R 6AB

# **ABC Investment Holdings Limited (the “Company” or “ABCIH”)**

## **DIRECTOR’S REPORT**

The Director presents his report and financial statements for the year ended 31 December 2016

## **PRINCIPAL ACTIVITIES**

The Company is a property holding company and its ultimate parent company is The Central Bank of Libya. The Company executed a new lease with the Bank for 20 years and is expected to continue in the capacity of lessor until the completion of the lease term. The Company is a subsidiary of ABC International Bank plc (“the Bank” or “ABCIB”) which is a UK banking entity authorised by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority (“FCA”) and the Prudential Regulation Authority (“PRA”).

## **RESULTS AND DIVIDENDS**

The profit / (loss) of the Company for the year amounts to (£942,000) (2015: £380,000).

## **Going Concern**

The financial statements have been prepared on a going concern basis as the Director is satisfied that, at the time of approving the financial statements and having taken into consideration the Company’s statement of financial position and cash balances, the Company has adequate resources to continue in operational existence for at least the next 12 months from the signing of these financial statements.

## **DIRECTORS**

The Company does not have any employees as at 31 December 2016. The name of the Director who served during the year is set out on page 1. The Director did not have any interest in the shares of the Company during the year. The Director benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

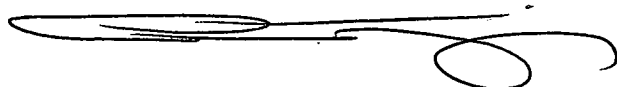
## **DISCLOSURE OF INFORMATION TO THE AUDITOR**

The Director confirms that:

There is no relevant information of which the Company’s auditors are unaware, and he has taken all steps that he ought to have taken to make himself aware of any relevant audit information, and to establish that the auditor is aware of that information.

## **REAPPOINTMENT OF AUDITOR**

The Company has elected not to make an annual appointment of auditors. Accordingly, Ernst & Young LLP are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.



By order of the Board  
Paul Jennings  
Director

25 May 2017

# **ABC Investment Holdings Limited**

## **STRATEGIC REPORT**

The Director presents his strategic report for the year ended 31 December 2016.

### **Review of the business**

As part of an ABCIB group ("group") reorganisation, on 24 June 2016 the Company executed a new 20 year lease of ABC House with the Bank. Due to upfront payments being made by the Bank, the substance of this transaction was deemed to be a transfer of ABC House from ABCIH to the Bank. This transfer took place at the fixed asset's carrying value of £37.4 million and the intercompany loan (originally advanced by ABCIB to fund purchase of the asset) including interest was paid back to the Bank by the Company. The Bank also paid an upfront premium, amounting to £7.9 million, for an option to purchase the freehold of ABC House.

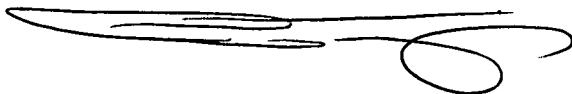
In 2016, profit on ordinary activities before tax decreased by £182,000 to £198,000 as a result of transfer of ABC House and the associated loss of rental income since 24 June 2016. Additionally a loss after tax of £942,000 has been reported in the current year, in comparison to a profit after tax of £380,000 in the prior period. This reduction is as a result of an increased total tax charge due to the utilisation of brought forward losses on which a deferred tax asset was previously recognised. The brought forward losses were principally utilised against taxable income that arose as a result of the new lease agreement entered into between ABCIH and ABCIB on the transfer of ABC House.

The net assets of the Company decreased by £942,000 from £2,021,000 in 2015.

The Company executed a new lease with the Bank for 20 years and will continue in the capacity of lessor for the duration of the lease. There are no plans to change the existing operations of the Company for the foreseeable future.

Principal risks and uncertainties affecting the Company are considered at the Bank level. Risks relating to ABC House have been reduced through the transfer of ABC House to the Bank. The remaining risks relate to the management of cash at bank and in hand and contractual relationships with other group companies. Senior management and the Board of Directors of the Bank pay close attention to all risk issues arising in relation to the Company's activities.

Approved by the Board and signed on their behalf.



Paul Jennings  
Director

## **STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

The Director is responsible for preparing the Director's Report, Strategic Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102. Under company law the Director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit and loss of the Company for that period. In preparing those financial statements the Director is required to:

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

The Director is responsible for keeping proper 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 to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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 ABC INVESTMENT HOLDINGS LIMITED**

We have audited the financial statements of ABC Investment Holdings Limited for the year ended 31 December 2016 which comprise the Statement of Profit or Loss and Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17. 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) including FRS 102 "The financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 4, 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 ("APB's") Ethical Standards for Auditors.

### **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 Strategic Report, Director's Report and Statement of Director's Responsibilities to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; 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, based on the work undertaken in the course of the audit:

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

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.

*Ernst & Young LLP*

Manprit Dosanjh (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
25 May 2017

**STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME**  
**for the year ended 31 December 2016**

		<b>2016</b>	<b>2015</b>
		<b>£000</b>	<b>£000</b>
	<b>Notes</b>		
Rental income from immediate parent company		<b>950</b>	<b>1,900</b>
Interest payable to immediate parent company		<b>(471)</b>	<b>(958)</b>
Depreciation and amortisation	<b>8</b>	<b>(281)</b>	<b>(562)</b>
<b>Profit on ordinary activities before tax</b>	<b>6</b>	<b>198</b>	<b>380</b>
Tax on profit on ordinary activities	<b>7</b>	<b>(1,140)</b>	<b>-</b>
<b>(Loss)/Profit for the financial year</b>	<b>14</b>	<b>(942)</b>	<b>380</b>
Total comprehensive income for the financial year		<b>(942)</b>	<b>380</b>

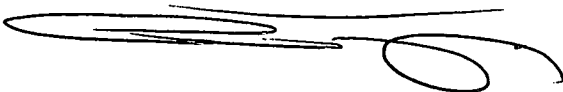
The results for the years ended 31 December 2016 and 31 December 2015 are derived from continuing operations.



**STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2016**

	Notes	2016 £000	2015 £000
<b>Fixed Assets</b>			
Tangible assets	8	-	37,688
<b>Non current assets</b>			
Deferred tax asset	9	-	1,140
<b>Current Assets</b>			
Cash at bank and in hand		1,085	8,448
		<u>1,085</u>	<u>8,448</u>
<b>CREDITORS: Amounts falling due within one year</b>			
Amounts owed to parent undertaking		6	5
Other creditors	10	-	475
Accruals and deferred income	11	-	286
Term borrowing	12	-	44,489
		<u>6</u>	<u>45,255</u>
<b>Net Current Assets/ (Liabilities)</b>		<b>1,079</b>	<b>(36,807)</b>
<b>Net assets</b>		<u><b>1,079</b></u>	<u><b>2,021</b></u>
<b>Capital and Reserves</b>			
Called up share capital	13	-	-
Profit and loss account	14	<u>1,079</u>	<u>2,021</u>
<b>Equity shareholder's funds</b>	14	<u><b>1,079</b></u>	<u><b>2,021</b></u>

These financial statements of ABC Investment Holdings Limited were approved by the director and authorised for issue on 25 May 2017 and were signed on the board's behalf:



**Paul Jennings**  
**Director**  
**25 May 2017**

## STATEMENT OF CHANGES IN EQUITY

	<b>Called-up share capital £000</b>	<b>Profit and loss account £000</b>	<b>Total £000</b>
<b>At 1 January 2015</b>	-	1,641	1,641
<b>Profit and total comprehensive income for the year</b>	-	380	380
<b>At 31 December 2015</b>	-	2,021	2,021
<b>Profit and total comprehensive income for the year</b>	-	(942)	(942)
<b>At 31 December 2016</b>	-	1,079	1,079

## NOTES TO THE ACCOUNTS

**1. Company information**

The Company is incorporated in England and its registered office is 1 - 5 Moorgate, London, EC2R 6AB.

**2. Basis of preparation**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006. The financial statements have been prepared under the historical cost basis.

The financial statements are presented in Sterling (£).

The Company has adopted the following disclosure exemptions as in line with FRS102:

- the requirement to present a statement of cash flows and related notes
- the requirement to disclose related party transactions with other group companies.

**Going Concern**

The financial statements have been prepared on a going concern basis as the Director is satisfied that, at the time of approving the financial statements and having taken into consideration the Company's statement of financial position and cash balances, the Company has adequate resources to continue in operational existence for at least the next 12 months from the signing of these financial statements.

**3. Significant accounting judgements and estimates**

In the process of applying ABCIH's accounting policies, management has used their judgement and made estimates in determining the amounts recognised in the financial statements. The most significant uses of judgements and estimates are as follows:

**Impairment of freehold land and buildings**

The Director performs an impairment assessment of the carrying value of freehold land and buildings. The higher of value in use and fair value less costs to sell are used to determine if any impairment exists. Impairments are recognised in the period in which they incur and reduce the associated carrying value of the asset, by including the impairment charge as part of "Depreciation and impairment".

**Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. In assessing the recoverability of deferred tax assets, management considers forecast profits for three years.

**4. Principal accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below:

**a) Foreign currency translation**

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

**b) Recognition of income and expense**

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. The following specific recognition criteria must also be met before revenue is recognised.

**i) Interest and similar income and expense**

For all financial instruments measured at amortised cost, interest income or expense is recorded at the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or the financial liability. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses. The carrying amount of the financial asset or financial liability is adjusted if ABCIB revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective interest rate and the change in carrying amount is recorded as interest income or expense.

**ii) Rental income**

Rental income represents rent receivable on ABC House from the immediate parent company accounted for on straight line basis.

**c) Leases**

A lease is classified at the inception date as a financial lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership is classified as a finance lease. Operating leases are leases that do not transfer all the risks and rewards incidental to ownership to the lessee. ABCIH has entered into operating leases where rental receivable are credited to the income statement on a straight line basis over the lease term. During the year, ABCIH entered into a lease and option agreement with its Parent Company. Based on the evaluation of the terms and conditions of the arrangements, all the significant risks and rewards of ownership of these properties fall to the Parent Company. Therefore, ABCIH accounts for the contracts as finance lease.

**d) Fixed assets and depreciation**

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all fixed assets at rates calculated to write off the cost less the estimated residual value on prices prevailing at the date of acquisition of each asset evenly over its expected useful life as follows:

Buildings	- 50 years
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The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable at least annually.

**e) Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

-Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

-Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**f) Current tax**

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted by the balance sheet date.

**5. Administrative expenses**

The Company does not have any employees in 2016 (2015-nil).

The director of the Company was also director of the holding company, ABC International Bank plc. The director received total remuneration for the year of £820,574 (2015: £1,789,287), all of which was paid by the holding company. The director does not believe that it is practicable to apportion this amount between his services as a director of the company and his services as director of the holding and fellow subsidiary companies. The 2015 comparative comprises of remuneration received by two directors, including £660,467 in respect of termination benefits relating to a director who resigned in March 2015.

**6. Profit on ordinary activities before tax**

Audit fees of £4,000 (2015: £4,000) and taxation fees of £5,020 (2015: £4,550) were borne by the parent undertaking.

<b>7. Taxation</b>	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Tax on Profit on ordinary activities</b>		
UK Corporation tax	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax:</b>		
Change during the year	1,140	-
<b>Total deferred tax</b>	<b>1,140</b>	-
<b>Total tax charge for the year</b>	<b>1,140</b>	-

**Factors affecting tax for the year**

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	198	380
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	40	77
Effect of:		
Fixed assets depreciation	3,714	114
Loan relationship brought forward losses utilised	(2,699)	(251)
Group relief	85	60
Adjustments from previous years	-	-
<b>Total tax charge</b>	<b>1,140</b>	-

8. Tangible fixed assets

	Freehold Land and Buildings £000	Total £000
Cost		
At 1 January 2016	60,000	60,000
Disposal	(60,000)	(60,000)
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>
Depreciation and impairment		
At 1 January 2016	22,312	22,312
Charge for the year	281	281
Disposal	(22,593)	(22,593)
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>
Net book value		
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>
At 31 December 2015	37,688	37,688

Depreciation and impairment includes a £15 million impairment recorded in prior years.

As part of a group reorganisation, ABC House was transferred from ABC Investment Holdings Limited to ABC International Bank plc on 24 June 2016 at the carrying value of £37.4 million.

9. Deferred tax asset	2016 £000	2015 £000
At 1 January	1,140	1,140
Movements during the year	(1,140)	-
<b>At 31 December</b>	<b>-</b>	<b>1,140</b>
The major components of the deferred tax asset are as follows:	£000	£000
Unutilised tax losses	-	1,140

There is no unrecognised deferred tax asset as losses were fully utilised (2015: £13.5 million losses arising mainly due to brought forward losses).

10 Other Creditors

	2016 £000	2015 £000
Rent received in advance	-	475
	-	475

11 Accruals and deferred income

	2016 £000	2015 £000
Interest payable	-	286

12 Term borrowing

	2016 £000	2015 £000
Repayable:		
Within one year	-	44,489
	-	44,489
Included in the above are balances due to ABC Group undertakings of:	-	44,489

Interest on all term borrowing is calculated by reference to LIBOR plus a margin of 1.26% which is repriced annually.

13 Allotted and called up share capital

	2016 & 2015 Authorised 300,000,000	2016 & 2015 Issued 100
Ordinary shares of £1 each		

14 Equity shareholder's funds

	Ordinary share capital £000	Profit & loss account £000	Total £000
Brought forward 1 January 2016	-	2,021	2,021
Profit for the year	-	(942)	(942)
<b>At 31 December 2016</b>	<b>-</b>	<b>1,079</b>	<b>1,079</b>

15 Related party transactions

The Company is wholly owned by its parent undertaking and as such has taken advantage of the exemption given in S.33 Financial Reporting Standard 102 to subsidiaries from disclosing related party transactions with other group companies. The directors are unaware of any other related party transactions requiring disclosure.

16 Leases

At 31 December 2015 the Company had annual rent receivable, under operating lease agreement, from the Bank as set out below:

	Land and buildings 2016	Land and buildings 2015
Between five and ten years	-	1,900,000

17 Ultimate Parent Undertaking

The ultimate parent company is Central Bank of Libya. ABCIH is a subsidiary undertaking of ABC International Bank plc which is registered in England.