

STANDARD CHARTERED DEBT TRADING LIMITED

Directors' Report and Financial Statements

31 December 2007

Registered Number: 4498049

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Directors' Report

The directors present their directors' report and audited financial statements of Standard Chartered Debt Trading Limited (the "Company") for the year ended 31 December 2007

Principal activities

The principal activity of the Company is to engage in financing transactions

Business review

During the year the Company received interest income from its deposits. The interest income balance is higher than the prior year as the underlying deposits were increased from the proceeds of the sales of debt securities during the course of 2006

In the absence of debt security holdings the overall financial income was less in 2007 than the prior year as there was no income from the amortisation of the discounts on these securities, as was the case in 2006. There was also no income from changes in fair value of its financial instruments and GBP currency exposure which was a source of income in the prior year

The key performance indicator used by management in assessing the performance of the Company is the monitoring of the level of interest income being earned from its deposits. Monthly management accounts are prepared and reviewed by the management of the Standard Chartered Bank business in which this Company resides

Financial instruments

Financial instruments for the year comprised inter group balances

Proposed dividend

The directors do not recommend the payment of a dividend (2006 Nil)

Directors and directors' interests

The directors who held office during the year were as follows

David Richards
Hiren Singharay
Averina Snow
Stephen Trevis (resigned on 29 January 2007)
Sandeep Jain (alternate director to A Snow)

Qualifying third party indemnities

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

Employees

The Company has no employees

Risk management

The risk management objectives of the Company are set out in note 11

Political and charitable contributions

The Company made no political contributions during the year (2006 Nil)

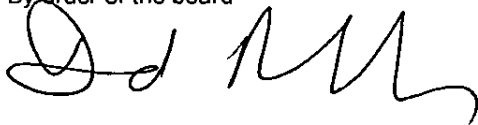
Disclosure of information to auditors

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

Auditors

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office

By order of the board



D Richards
Director

1 Aldermanbury Square
London
EC2V 7SB

Date 4 November 2008

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

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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

The financial statements are required by law to present fairly the financial position and the performance of the Company, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Standard Chartered Debt Trading Limited

We have audited the financial statements of Standard Chartered Debt Trading Limited for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheets, the Cash Flow Statements, the Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 5.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implication for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the Company's affairs as at 31 December 2007 and its profit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
London
Chartered Accountants
Registered Auditor
4 November 2008

Income Statement

for the year ended 31 December 2007

		Year ended 31 December 2007 \$000	Year ended 31 December 2006 \$000
	Note		
Financial Income	2	149,848	193,231
Administrative expenses	4	(125)	(99)
Profit before taxation		149,723	193,132
Taxation	5	(54,719)	(57,940)
Profit for the year		95,004	135,192

Statement of Recognised Income and Expenses

for the year ended 31 December 2007

	2007 \$000	2006 \$000
Profit for the year	95,004	135,192
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Total recognised income and expense	95,004	135,192
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Balance Sheet

as at 31 December 2007

	Note	2007 \$000	2006 \$000
Non Current Assets			
Deferred Tax	6	2,355	33,134
Current assets			
Debtors	6	2,866,601	2,731,308
Creditors amounts due within one year	7	(9,646)	(136)
Net current assets		2,856,955	2,731,172
Net assets		2,859,310	2,764,306
Equity			
Share capital	8	2,565,667	2,565,667
Reserves	8	293,643	198,639
Total Equity	8	2,859,310	2,764,306

These financial statements were approved by the Board of Directors on 4 November 2008 and were signed on its behalf by

Avern A Snow

A Snow
Director

Cash Flow Statement

for the year ended 31 December 2007

	Note	2007 \$000	2006 \$000
Cash flows from operating activities			
Profit for the year		95,004	135,192
Adjustments for items not involving the movement of funds			
Amortisation of discounts on debt securities		-	(4,827)
Revaluation gains		(10)	(60,909)
Tax charged		54,719	57,940
Other fair value gains		-	(64,814)
Profit before changes in working capital		149,713	62,582
Increase in other payables		125	70
Increase in interest receivable		(9,258)	(21,802)
Decrease in debt securities and swaps held		-	2,583,880
Net cash from operating activities		(9,133)	2,562,148
Net increase in cash and cash equivalents		140,580	2,624,730
Cash and cash equivalents at 1 January		2,694,330	63,325
Effect of exchange rate fluctuations on cash held		10	6,275
Cash and cash equivalents at 31 December	10	2,834,920	2,694,330

Notes to the financial statements

for the year ended 31 December 2007

1 Principal accounting policies

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs")

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements

Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ temporarily from IFRSs as published by the International Accounting Standards Board ('IASB') if new or amended IFRSs have not been endorsed by the EU. At 31 December 2007, there were no unendorsed standards effective for 31 December 2007 affecting these financial statements, and there was no difference in application to the Company between IFRSs endorsed by the EU and IFRSs issued by the IASB.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

The following pronouncements relevant to the Company were issued as at 31 December 2007, but have effective dates for periods beginning after 31 December 2007:

- (a) IAS 23 Revised 'Borrowing Costs'* (effective for periods commencing on or after 1 January 2009),
- (b) IAS 1 Revised 'Presentation of Financial Statements'* (effective for periods commencing on or after 1 January 2009),
- (c) Amendment to IAS 27 'Consolidated and Separate Financial Statements'* (effective for periods commencing on or after 1 January 2010),
- (d) Amendment to IAS 32 'Financial Instruments Presentation'* (effective for periods commencing on or after 1 January 2009),
- (e) IFRS 8 'Operating Segments' (effective for periods commencing on or after 1 January 2009)

These interpretations and amendments are not expected to have any impact upon the Company when adopted.

* These IFRS or IFRIC Interpretations has not yet been endorsed by the European Union.

On 1 January 2007 IFRS 7 'Financial Instruments Disclosure' became effective for the Company. However, this amendment had no effect on the Company.

Functional Currency

The Company's functional and presentation currency is the United States Dollar (USD).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary transactions are translated at historical exchange rates.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including amounts owed by group undertakings, cash and balances at central banks (unless restricted), treasury bills and other eligible bills, loans and advances to banks and short-term government securities.

Taxation

Income tax on profit or loss for the period comprises current and deferred tax. 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.

Current tax is the expected tax payable/recoverable on the taxable result for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustments payable in respect of previous years.

Deferred taxation is accounted for on an undiscounted basis at expected tax rates on all timing differences which occur where items are tax-effected in a period different from that in which they are recognised in the financial statements.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Share capital

Incremental costs directly attributable to the issue of new shares or options or to the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds

Dividends on ordinary shares are recognised in equity in the period in which they are declared

Interest income and expense

Interest income and expense is recognised in the income statement using the effective interest method

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

2 Financial Income

	2007 \$000	2006 \$000
Amortisation of discounts on debt securities purchased	-	4,827
Interest income from group undertakings on deposit	149,838	62,656
Revaluation Gain	10	60,909
Other fair value Gains	-	64,814
Fee income	-	25
	149,848	193,231

3 Directors' remuneration

None of the Directors received any fees or emoluments for performing the role of Director of the Company during the year (2006 Nil)

4 Administrative expenses

	2007 \$000	2006 \$000
Administrative expenses include		
Auditors' remuneration	25	25

5 Taxation

	2007 \$000	2006 \$000
Analysis of tax charge for the year		
UK Corporation Tax charge / (credit)	44,601	18,797
Less DTR current year	-	(20,836)
Less DTR prior year	(20,661)	-
Current tax – prior year	-	38,827
	23,940	36,788
Deferred Tax - DTR	10,118	21,152
Prior year Deferred tax Charge	20,661	-
Tax charge on profit on ordinary activities	54,719	57,940
Effective tax rate	37%	30%

Factors affecting the tax charge for the current year

The current year taxation charge is at the standard rate of corporation tax in the United Kingdom of 30% [2006 30%] The differences are explained below

	2007 \$000	2006 \$000
Profit on ordinary activities before tax	149,723	193,132
Current tax at 30% (2006 30%)	44,917	57,940
Write off deferred tax on DTR	9,634	-
Effect of change in tax rate	168	-
Total tax charge	54,719	57,940

6 Debtors

	2007 \$000	2006 \$000
Amounts falling due within one year		
Amounts owed by group undertakings	2,834,920	2,708,886
Interest receivable from group undertakings on deposits	31,681	22,422
	2,866,601	2,731,308
Amounts falling due after one year		
Deferred taxation	2,355	33,134

The deferred tax asset arises as a result of adoption of IAS32/39 as at 1 January 2005. It will unwind over 10 years commencing from the year ended 31 December 2006.

The deferred tax asset in relation to the IFRS transition has been reduced by \$168,000 due to the change in the UK corporation tax rate from 30% to 28% with effect from 1 April 2008.

7 Creditors amounts falling due within one year

	2007 \$000	2006 \$000
Inter-group taxation creditor	9,385	-
Sundry Creditors	261	136
	9,646	136

8 Equity

	2007 \$000	2006 \$000
Share Capital		
Authorised		
1,600,000,000 Ordinary shares of £1 each	2,874,584	2,874,584
Issued and fully paid		
1,428,055,000 Ordinary shares of £1 each	2,565,667	2,565,667

Reconciliation of movement in share capital and reserves

	Share capital \$000	Retained earnings \$000	Total equity \$000
at 1 January 2006	2,565,667	63,447	2,629,114
Total recognised income and expense	-	135,192	135,192
At 1 January 2007	2,565,667	198,639	2,764,306
Total recognised income and expense	-	95,004	95,004
At 31 December 2007	2,565,667	293,643	2,859,310

Retained earnings are the carried forward recognised income and expenses of the Company plus current period recognised income and expenses less dividend distribution

9 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than three months maturity from the date of acquisition

	2007 \$000	2006 \$000
Amounts owed by group undertakings	2,834,920	2,694,330

10 Related party transactions

Directors and officers

None of the directors or officers received any fees or emoluments for performing the role of directors or officers of the Company during the year

Company

The ordinary shares of the Company are held by Standard Chartered Bank

The Company had an inter-group balance as at 31 December 2007 of \$9,385,000 creditor (2006 \$14,555,000 debtor) due to intra-group tax relief. The 2007 creditor balance is shown in note 7, whilst the 2006 debtor is included within the amounts owed by group undertakings balance in note 6

The Company had an interest bearing amount at 5.37% p.a. due on deposit with Standard Chartered Bank at 31 December 2007 of \$2,834,920,000 (2006 \$2,694,330,000 at 4.58% p.a.)

11 Risk management

The Company is not significantly exposed to changes in fair value of its financial instruments from credit, interest and market risk and has not entered into derivative transactions during the year

12 Ultimate holding company and parent undertaking of largest group of which the Company is a member

The Company is a subsidiary undertaking of Standard Chartered Bank, a company incorporated in England with limited liability. The ultimate holding company is Standard Chartered PLC registered in England and Wales. The largest group in which the results of the Company are consolidated is that headed by Standard Chartered PLC. The smallest group in which the results of the Company are consolidated is that headed by Standard Chartered Bank. The consolidated financial statements of SC PLC is available to the public and may be obtained from its registered office located at 1 Aldermanbury Square, London, EC2V 7SB.