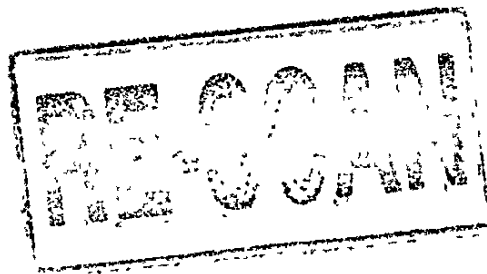


# **SC TRANSPORT LEASING 1 LTD**

## **Directors' Report and Financial Statements**

**For the year ended 31 December 2011**

**Registered Number: 6787116**



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## Contents

	Page/(s)
Directors' Report	2
Statement of Directors' Responsibilities in respect of the Directors' Report and the Financial Statements	3
Independent Auditor's Report to the members of SC Transport Leasing 1 Ltd	4
Income Statement	5
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Cash Flow Statement	8
Notes to the Financial Statements	9 – 15

## Directors' Report

The directors present their report and audited financial statements of SC Transport Leasing 1 Ltd (the "Company") for the year ended 31 December 2011

### Principal activities

The principal activity of the Company was that of a general leasing company and it is not anticipated that this will change for the foreseeable future

### Business review

The Company's operating Partnerships ceased to be going concerns during the year and wound up trade. The Company's loans to these Partnerships were fully recovered on close-out of the Partnerships' underlying finance leases. The cash flow generated was used to repay intercompany borrowings.

Further details are provided in notes 6, 7 and 8

The key performance indicator used by management in assessing the performance of the Company is the monitoring of the net return on the specific underlying transactions which the Company has entered into. 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 period comprised loans and inter-group balances

### Proposed dividend

The directors do not recommend the payment of a dividend (2010: nil)

### Directors holding office during the period

David Richards  
Averina Snow  
Barbara McAll  
Sandeep Jain (alternate director to Averina Snow)  
Terry Skippen (alternate director to Barbara McAll)

### 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 or charitable contributions during the period (2010: nil)

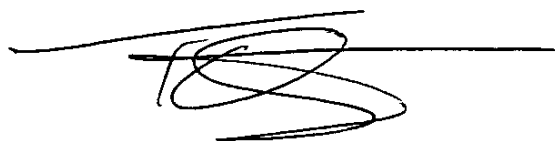
### Disclosure of information to auditors

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 section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the board



**Terry Skippen**  
(alternate director to Barbara McAll)  
SC Transport Leasing 1 Ltd  
Reg No 6787116  
Date 27 September 2012

1 Basinghall Avenue  
London  
EC2V 5DD

## **Statement of Directors' Responsibilities in respect of the Directors' Report and 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 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

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

# **Independent Auditors' Report to the Members of SC Transport Leasing 1 Ltd**

We have audited the financial statements of SC Transport Leasing 1 Ltd for the year ended 31 December 2011 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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**

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

## **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 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, 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.

## **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

**SAMER HIJAZI**

**Samer Hijazi (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
E14 5GL  
Date 27 September 2012

## Income Statement

for the year ended 31 December 2011

	Note	2011 \$000	2010 \$000
Financial income	4	2,213	18,399
Financial expenses	4	(1,266)	(76,421)
<b>Profit/ (loss) before tax</b>		<b>947</b>	<b>(58,022)</b>
Taxation	5	(8,259)	83,790
<b>(Loss) / Profit for the year</b>		<b>(7,312)</b>	<b>25,768</b>

## Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 \$000	2010 \$000
(Loss) / Profit for the year	(7,312)	25,768
Other comprehensive income	-	-
<b>Total comprehensive (loss) / income for the year</b>	<b>(7,312)</b>	<b>25,768</b>

The notes on pages 9 to 15 form part of the financial statements

## Balance Sheet

as at 31 December 2011

	Note	2011 \$000	2010 \$000
<b>Current assets</b>			
Loan to Partnerships	8	-	2,536
Amounts due from group undertakings	6	3,283	1,084
Interest receivable	6	1,907	-
Corporation tax receivable		48,377	78,730
		<b>53,567</b>	<b>82,350</b>
<b>Non-current assets</b>			
Loan to Partnerships	8	-	9,316
Deferred tax asset	5	-	84,626
		-	<b>93,942</b>
<b>Total assets</b>		<b>53,567</b>	<b>176,292</b>
<b>Current liabilities</b>			
Amounts owed to group undertakings	7	37,586	105,956
Interest payable	7	83	289
		<b>37,669</b>	<b>106,245</b>
<b>Non-current liabilities</b>			
Amounts owed to group undertakings	7	-	46,837
		-	<b>46,837</b>
<b>Total liabilities</b>		<b>37,669</b>	<b>153,082</b>
<b>Net assets</b>		<b>15,898</b>	<b>23,210</b>
<b>Equity</b>			
Share capital		-	-
Retained earnings/ (accumulated losses)		15,898	23,210
<b>Total equity</b>		<b>15,898</b>	<b>23,210</b>

The notes on pages 9 to 15 form part of the financial statements

These financial statements were approved by the Board of Directors on 27 September 2012 and were signed on its behalf by



**David Richards**  
Director  
SC Transport Leasing 1 Ltd  
Reg No 6787116

## Statement of Changes in Equity

for the year ended 31 December 2011

	Retained earnings \$000	Total equity \$000
Balance at 1 January 2010	(2,558)	(2,558)
Profit for the year	25,768	25,768
Total other comprehensive income	-	-
Total comprehensive income for the period	25,768	25,768
<b>Balance at 1 January 2011</b>	<b>23,210</b>	<b>23,210</b>
Profit/ (loss) for the year	(7,312)	(3,547)
Total other comprehensive income	-	-
Total comprehensive income/ (loss) for the year	(7,312)	(3,547)
<b>Balance at 31 December 2011</b>	<b>15,898</b>	<b>19,663</b>

The notes on pages 9 to 15 form part of the financial statements

## Cash Flow Statement

for the year ended 31 December 2011

	2011 \$000	2010 \$000
<b>Cash flows from operating activities</b>		
Profit/ (loss) before tax	947	(58,022)
Carrying amount adjustment to Partnership investments	-	73,957
Interest income	(2,187)	(69)
Interest expense	1,266	2,464
<b>Net cash (used in)/ generated from operating activities</b>	<b>26</b>	<b>18,330</b>
<b>Cash flows from investing activities</b>		
Investment in Partnerships	-	(124,550)
Capital distributions received from Partnerships	-	6,128
Loan repayments from Partnerships	11,852	1,361
Group relief receipts	106,720	21,063
Interest received from group undertaking	74	127
Loans made to group undertakings	(6)	(51,882)
Repayments of loans made to group undertakings	-	50,798
<b>Net cash generated from/ (used in) investing activities</b>	<b>118,640</b>	<b>(96,955)</b>
<b>Cash flows from financing activities</b>		
Loans received from group undertakings	2,062	87,013
Interest paid to group undertaking	(1,266)	17,362
Repayments of loans from group undertakings	(119,462)	(26,726)
<b>Net cash (used in)/ generated from financing activities</b>	<b>(118,666)</b>	<b>77,649</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-</b>	<b>(976)</b>
Cash and cash equivalents brought forward	-	976
<b>Cash and cash equivalents carried forward</b>	<b>-</b>	<b>-</b>

The notes on pages 9 to 15 form part of the financial statements

# Notes to the financial statements

for the year ended 31 December 2011

## 1 Principal accounting policies

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

### Basis of preparation

The financial statements have been prepared under the historical cost convention. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements. The Company has prepared its financial statements on a going concern basis and in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ('EU').

At 31 December 2011, the Company had adopted all IFRSs and interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

### Use of estimates and judgements

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

### Recently issued accounting pronouncements

The following pronouncements relevant and applicable to the Company were issued as at 31 December 2011 but have effective dates for periods beginning after 31 December 2011. The use of IFRSs and certain IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted. The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Company, none of these pronouncements are expected to result in any material adjustments to the financial statements.

Pronouncement	Description of impact	Mandatory effective date for the Company
Amendment to IFRS 7 <i>Financial Instruments Presentation</i>	This amendment introduces additional disclosures when an asset is transferred but is not derecognised. It also requires disclosures of assets that are derecognised but where the entity continues to have a continuing exposure to the asset after the sale.	1 January 2012
IFRS 13 <i>Fair Value Measurement</i>	Consolidates the guidance on how to measure fair value into one comprehensive standard. It introduces the use of an exit price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments into the fair value hierarchy. This amendment had not been endorsed by the EU at 31 December 2011.	1 January 2012
IFRS 9 – Financial Instruments (Classification and Measurement)	IFRS 9 replaces certain elements of IAS 39 in respect of the classification and measurement of financial assets and financial liabilities. The standard requires all financial assets to be classified as fair value or amortised cost. Amortised cost classification is only permitted where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and where these contractual cash flows are solely payment of principal and interest. Gains or losses on assets measured at fair value are recognised in the income statement unless the asset is an equity investment and the Group has elected to present such gains or losses in other comprehensive income.	1 January 2015

## Notes to the financial statements *(continued)*

### 1 Principal accounting policies *(continued)*

#### Recently issued accounting pronouncements *(continued)*

1 This IFRS or IFRIC Interpretation has not yet been endorsed by the EU

2 Subject to endorsement of the European Union the Group has not yet made a final decision as to whether it will apply in the 2012 financial statements those pronouncements marked in the table above

#### Functional Currency

The financial statements are presented in United States Dollars ("\$"), which is the Company's functional and presentation currency. 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. Except where otherwise indicated, financial information presented in US Dollars has been rounded to the nearest thousand.

#### 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 cash and balances at central banks (unless restricted), treasury bills and other eligible bills, loans and advances to banks, short-term government securities and inter group balances.

#### Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### 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 are 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 (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points 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.

## Notes to the financial statements *(continued)*

### 1 Principal accounting policies *(continued)*

#### 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/recoverable 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.

#### Financial instruments

The Company classifies its financial instruments in the following categories: financial assets held at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

Available-for-sale investments are those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Purchases and sales of financial assets are initially recognised on trade-date (the date on which the Company commits to purchase or sell the asset). Financial assets are initially recognised at fair value plus directly attributable transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risks and rewards of ownership.

Gains and losses arising from changes in the fair value of available-for-sale financial assets other than foreign exchange gains and losses from monetary items are recognised directly in equity, until the financial asset is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the entity's right to receive payment is established.

The fair values of quoted investments in active markets are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arms length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Derivative Financial Instruments: Derivatives are recorded on the balance sheet at fair value with changes in the fair value being taken to the Income Statement.

### 2 Auditor's remuneration

The auditor's remuneration of \$11,000 (2010: \$11,000) for the period ended 31 December 2011 was borne by Standard Chartered Bank.

### 3 Directors' emoluments

None of the directors received any fees or emoluments for services as directors of the Company during the year (2010: nil).

## Notes to the financial statements (continued)

### 4 Financial income and expense

	2011 \$000	2010 \$000
Fee income	-	18,330
Proceeds from sale of ships	26	-
Interest Income	2,187	69
<b>Financial income</b>	<b>2,213</b>	<b>18,399</b>
Carrying amount adjustment to Partnership investments	-	73,957
Interest expense	1,266	2,464
<b>Financial expenses</b>	<b>1,266</b>	<b>76,421</b>

### 5 Taxation

#### Analysis of taxation charge/ (credit) in the year

	2011 \$000	2010 \$000
<b>Current tax</b>		
Current tax on income/ (loss) for the year	(80,156)	(86,824)
Adjustments in respect of prior periods	3,789	395
<b>Deferred tax</b>		
Origination/ reversal of temporary differences	84,626	2,639
<b>Tax on profits on ordinary activities</b>	<b>8,259</b>	<b>(83,790)</b>

#### Explanation of the relationship between tax credit and accounting profit

Profit/ (loss) on ordinary activities before taxation	947	(58,022)
Tax at 26.5% (2010: 28%)	251	(16,246)
Effects of		
Adjustments to tax charge in respect of prior periods	3,789	395
Attribution of Partnership losses	(80,407)	(91,286)
Non-deductible adjustment to Partnership investment	-	20,708
Adjustment to restate deferred tax	-	2,639
Movement to deferred tax asset on termination of leasing arrangement	84,626	-
<b>Tax on profits on ordinary activities</b>	<b>8,259</b>	<b>(83,790)</b>

## Notes to the financial statements (continued)

### 5 Taxation (continued)

#### Deferred tax asset:

The following are the major deferred tax assets recognised by the Company

	2011 \$000	2010 \$000
Future tax deductions from Partnership investments	-	84,626
<b>Deferred tax asset</b>	<b>-</b>	<b>84,626</b>

#### The movement in deferred tax asset comprises

At 31 December	84,626	-
Transfer to deferred tax asset	-	87,265
Adjustment to restate deferred tax	-	(2,639)
Movement to deferred tax asset on termination of leasing arrangement	(84,626)	-
<b>At 31 December</b>	<b>-</b>	<b>84,626</b>

On 22 June 2010, the UK Government announced its intention to reduce the main rate of corporation tax rate from 28 per cent to 27 per cent. The reduction became substantively enacted in July 2010 and was effective from 1 April 2011. A further 1 per cent reduction was substantively enacted on 29 March 2011 following the 2011 UK Budget Statement, decreasing the 2011-12 rate to 26 per cent.

Finance Act 2011 was substantively enacted on 5 July 2011 reducing the 2012-13 main rate of corporation tax from 26 per cent to 25 per cent. Following the 2012 UK Budget Statement a further reduction of 1 per cent was substantively enacted on 29 March 2012 reducing the rate to 24 per cent from 1 April 2012. A proposal to reduce the rate to 23 per cent from 1 April 2013 and to 22 per cent from 1 April 2014 was included in the same budget statement. The further rate reductions are not substantively enacted at the balance sheet date and are not considered material.

### 6 Amounts owing from group undertakings

The Company has a deposit of \$1.09m with Standard Chartered Bank at 6 month LIBOR and a \$2.19m fixed rate loan to SC Transport Leasing 2 Limited. Both are expected to be repaid during the 2012 year.

	2011 \$000	2010 \$000
Current amounts owing from group undertakings	3,283	1,084
<b>Amounts owing from group undertakings</b>	<b>3,283</b>	<b>1,084</b>

## Notes to the financial statements (continued)

### 7 Amounts owed to group undertakings

The Company has a \$17.55m fixed rate loan from SC Transport Leasing 2 Limited and other non-interest bearing amounts owed to group undertakings of \$19.83m. These borrowings are expected to be repaid during the 2012 year.

	2011 \$000	2010 \$000
Amounts owed to group undertakings	37,379	105,749
Interest payable	83	289
Net funds received on trust for Partnerships	207	207
<b>Current amounts owed to group undertakings</b>	<b>37,669</b>	<b>106,245</b>
Amounts owed to group undertakings	-	46,837
<b>Non-current amounts owed to group undertakings</b>	<b>-</b>	<b>46,837</b>
<b>Amounts owed to group undertakings</b>	<b>37,669</b>	<b>153,082</b>

### 8 Investments

The Company's loans to Partnerships were fully repaid during the year on termination of the Partnerships' underlying finance leases.

	2011 \$000	2010 \$000
Opening balance at 1 January	-	56,013
Capital contributions	-	124,549
Returns of capital	-	(105,213)
Adjustments to carrying amount	-	(73,957)
Transfers to deferred tax assets	-	(1,392)
<b>Investment in Partnerships at 31 December</b>	<b>-</b>	<b>-</b>
Opening balance at 1 January	11,852	-
Loans to Partnerships	-	99,086
Repayments of loan principal	(11,852)	(1,361)
Transfers to deferred tax assets	-	(85,873)
<b>Loans to Partnerships at 31 December</b>	<b>-</b>	<b>11,852</b>
Repayable within one year	-	2,536
Repayable in one year or greater	-	9,316

At 31 December 2011 the Partnerships held by the Company were

	Country of registration or incorporation	% Ownership	
		2011	2010
The BW Leasing Partnership 1 LP	England	99.9%	99.9%
The BW Leasing Partnership 2 LP	England	99.9%	99.9%
The BW Leasing Partnership 3 LP	England	99.9%	99.9%
The BW Leasing Partnership 4 LP	England	99.9%	99.9%
The BW Leasing Partnership 5 LP	England	99.9%	99.9%
The SC Transport Leasing Partnership 1	England	99.9%	99.9%
The SC Transport Leasing Partnership 2	England	99.9%	99.9%
The SC Transport Leasing Partnership 3	England	99.9%	99.9%
The SC Transport Leasing Partnership 4	England	99.9%	99.9%

## Notes to the financial statements (continued)

### 9 Called up Share capital

Following amendment to corporate law in the UK through the Companies Act 2006, the Company amended its Articles of Association to remove the provision for authorised share capital

	2011 £	2010 £
Share capital allotted		
Called up and fully paid	1	1
1 share of £1	=====	=====

### 10 Related party transactions

The ordinary share capital of the Company is held by SC Transport Leasing 2 Limited

The Company had amounts due from group undertakings as detailed in note 6

The Company had amounts owing to group undertakings as detailed in note 7

The Company received the loan principal from its debt investment in Partnerships as detailed in note 8

### 11 Risk management

#### a) Credit risk

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Financial instruments for the year comprised inter group balances and loans to ship leasing Partnerships. The Standard Chartered Group has policies and procedures in place to manage risk so the credit risk from amounts owed by group undertakings is not significant. Credit risk is further mitigated by indemnification guarantees against certain unintended and adverse tax or operational consequences associated with the Company's activities.

#### b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as funding decisions are within the control of the Partners.

#### c) Foreign currency risk

Foreign currency risk is the risk of a loss from assets or liabilities denoted in a foreign currency. All of the net assets of the Company are denominated in United States dollars ("USD").

#### d) Market risk

Market risk is the exposure created by potential changes in market prices and rates. The Company is not exposed to any significant market risk. The Company has no significant exposures as the majority of its transactions and balances are confined within the group.

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

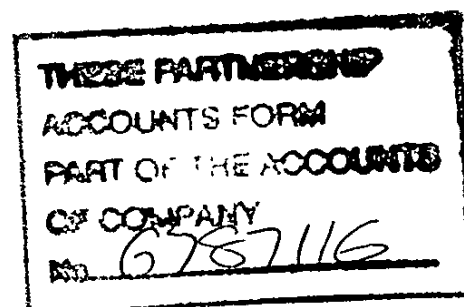
The Company is a wholly owned subsidiary undertaking of SC Transport Leasing 2 Limited, incorporated in England and Wales with limited liability. The ultimate holding company is Standard Chartered PLC, a company registered in England and Wales. The largest group in which the results of the Company are consolidated is that headed by Standard Chartered PLC, and the smallest group is that headed by Standard Chartered Bank. The consolidated financial statements of this Company are available to the public and may be obtained from the Company Secretary at 1 Basinghall Avenue, London EC2V 5DD.

# **THE SC TRANSPORT LEASING PARTNERSHIP 3**

## **General Partner's Report and Financial Statements**

**From 1 January 2011 to 31 December 2011**

**Registered Number LP013442**



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## Contents

	Page/(s)
General Partner's Report	3
Statement of Directors' Responsibilities in respect of the General Partners' Report and the Financial Statements	4
Independent Auditor's Report to the Partners of The SC Transport Leasing Partnership 3	5
Income Statement	6
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-13

## General Partner's Report

The General Partner, SC Transport Leasing 1 Ltd, of The SC Transport Leasing Partnership 3 (the "Partnership") submits the following report, in respect of the year ended 31 December 2011

### Statement of General Partner's responsibilities

The Limited Partnership Agreement of 25 March 2009 requires the General Partner to prepare financial statements for each financial period in accordance with the accounting policies set out in the Limited Partnership Agreement. In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 Partnership will continue in business (As explained in note 1 of the financial statements, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis)

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure the financial statements comply with the Limited Partnership Agreement. The General Partner is also responsible for safeguarding the assets of the Partnership and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Principal activities

Commentary on the business of the Partnership during the year is contained in the Business review. The results for the year are set out in the Income Statement on page 6.

### Business review

During the previous year, the directors took the decision to cease trading. As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

### Going concern

Having made appropriate enquiries, we consider that the Partnership has ceased trading and should therefore no longer adopt the going concern basis in preparing the financial statements.

### Disclosure of information to auditors

The directors who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership'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 Partnership's auditors are aware of that information.

### Auditors

The General Partner has appointed KPMG Audit Plc as auditors of the partnership. KPMG Audit Plc have indicated their willingness to continue in office.

*Averina A Snow*

**Averina Snow**  
Director  
SC Transport Leasing 1 Ltd  
LP013442  
Date 27 September 2012

1 Basinghall Avenue  
London  
EC2V 5DD

## **Statement of Directors' Responsibilities in respect of the General Partner's Report and the Financial Statements**

The directors are responsible for preparing the General Partner's 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 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

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

## **Independent auditor's report to the members of SC Transport Leasing Partnership 3**

We have audited the financial statements of SC Transport Leasing Partnership 3 (the "Partnership") for the year ended 31 December 2011 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ("EU"). These financial statements have not been prepared on a going concern basis for the reason set out in note 1. This report is made solely to the partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the partners those matters we have been engaged to state to them in this 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 partners, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of partners and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the partners are responsible for the preparation of the accounts in accordance with the Partnership Agreement dated 25 March 2009. Our responsibility is to audit, and express an opinion on, the accounts in accordance with the terms of our engagement letter dated 18 October 2010 and having regard to 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 accounts**

A description of the scope of an audit of accounts is provided on the APB's website at

### **Opinion on accounts**

In our opinion

- the financial statements give a true and fair view of the state of the partnership's affairs as at 31 December 2011 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- have been prepared in accordance with the Partnership Agreement dated 25 March 2009.

### **Emphasis of matter – going concern**

In forming our opinion on the financial statements, which is not modified we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Partnership's ability to continue as a going concern. The Partnership has ceased the operations in 2010 and there were no trading activities during 2011. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Partnership's ability to continue as a going concern. The financial statements have not been prepared on a going concern basis and instead the financial statements have been prepared on a cash recovery basis.

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

We have nothing to report in relation to the following matters where, under the terms of our engagement, we are required to report to you if, in our opinion

- the partners' report\* is not consistent with the accounts,
- the partnership has not kept proper accounting records,
- we have not received all the information and explanations we require for our audit, or
- information specified by the Partnership Agreement regarding partners' remuneration and other transactions is not disclosed

**SAMER HIJAZI**

**Samer Hijazi (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
*Chartered Accountants*  
London  
Date 27 September 2012

## Income Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Financial income	3	-	616
Financial expenses	3	-	(11,728)
<b>Loss for the year</b>		<b>-</b>	<b>(11,112)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 \$'000	2010 \$'000
<b>Loss for the year</b>	<b>-</b>	<b>(11,112)</b>
Other comprehensive income	=	=
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(11,112)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Balance Sheet

as at 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Current assets</b>			
Amounts owed from group undertakings		52	52
<b>Total assets</b>		<b>52</b>	<b>52</b>
<b>Equity</b>			
Partners' capital account		52	52
<b>Total equity</b>		<b>52</b>	<b>52</b>

The notes on pages 10 to 13 form part of the Financial Statements

These financial statements were approved at a meeting of the General Partner's Board of Directors on 27 September 2012 and were signed on their behalf by



**David Richards**  
Director  
SC Transport Leasing 1 Ltd  
LP013442

## Statement of Changes in Equity

for the year ended 31 December 2011

	Partnership capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2010	10,438	(1,966)	8,472
Loss for the year	-	(11,112)	(11,112)
Total other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(11,112)	(11,112)
Partnership capital contributed	2,692	-	2,692
Distributions of partnership capital	-	-	-
Total contributions by and distributions to Partners	2,692	-	2,692
<b>Balance at 1 January 2011</b>	<b>13,130</b>	<b>(13,078)</b>	<b>52</b>
Loss for the year	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive loss for the year	-	-	-
Partnership capital contributed	-	-	-
Distributions of partnership capital	-	-	-
Total contributions by and distributions to Partners	-	-	-
<b>Balance at 31 December 2011</b>	<b>13,130</b>	<b>(13,078)</b>	<b>52</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Cash Flow Statement

for the year ended 31 December 2011

2011

\$'000

2010

\$'000

### Cash flows from operating activities

Loss before tax	-	(11,112)
Change in debtors/ creditors	-	8,456
Deferred income	-	(616)
Prepaid expenses	-	580

### Net cash used in operating activities

- (2,692)

### Cash flows from financing activities

Capital contributions from partners	-	2,692
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### Net cash generated from financing activities

- 2,692

### Net increase in cash and cash equivalents

- -

### Cash and cash equivalents at 1 January

- -

### Cash and cash equivalents at 31 December

- -

The notes on pages 10 to 13 form part of the Financial Statements

# Notes to the financial statements

for the year ended 31 December 2011

## 1 Principal accounting policies

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

### Basis of preparation

The financial statements have been prepared on a cash recovery basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in the financial statements

Following cessation of its leasing trade, management concluded that the Partnership is not likely to enter into any further trade in the future. The Partnership will therefore no longer adopt the going concern basis of accounting and instead the financial statements have been prepared on a cash recovery basis in the current year, in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ('EU')

At 31 December 2011, the Partnership had adopted all IFRSs and interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently to all years presented in these financial statements

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

### Reporting entity

SC Transport Leasing Partnership 3 is a Partnership established in the United Kingdom. The address of the Partnership's principal place of business is 1 Basinghall Avenue, London EC2V 5DD

### Recently issued accounting pronouncements

The following pronouncements relevant and applicable to the Partnership were issued as at 31 December 2011 but have effective dates for periods beginning after 31 December 2011. The use of IFRSs and certain IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted. The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Partners, none of these pronouncements are expected to result in any material adjustments to the financial statements

Pronouncement	Description of impact	Mandatory effective date for the Partnership
Amendment to IAS 12 – Deferred tax Recovery of underlying assets <sup>1 2</sup>	This amendment provides a practical approach for measuring deferred tax assets when it would be difficult and subjective to determine the expected manner of recovery	1 January 2012
Amendment to IFRS 7 – Financial instruments disclosure <sup>1 2</sup>	Requires additional disclosures when an asset is transferred but is not derecognised. It also requires disclosures of assets that are derecognised but where the entity continues to have a continuing exposure to the asset after the sale	1 January 2012
IFRS 9 – Financial Instruments <sup>1 2</sup>	IFRS 9 replaces certain elements of IAS 39 in respect of the classification and measurement of financial assets and financial liabilities. The standard requires all financial assets to be classified as fair value or amortised cost. Amortised cost classification is only permitted where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and where these contractual cash flows are solely payment of principal and interest. Gains or losses on assets measured at fair value are recognised in the income statement unless the asset is an equity investment and the Group has elected to present such gains or losses in other comprehensive income. Financial liabilities are required to be measured at fair value or amortised cost similar to IAS 39 requirements except that the change in fair value relating to own credit is reported within other comprehensive income and not the income statement	1 January 2015

## Notes to the financial statements *(continued)*

### 1 Principal accounting policies *(continued)*

#### Recently issued accounting pronouncements *(continued)*

1 This IFRS or IFRIC Interpretation has not yet been endorsed by the EU

2 Subject to endorsement of the European Union the Group has not yet made a final decision as to whether it will apply in the 2012 financial statements those pronouncements marked in the table above

#### Functional Currency

The financial statements are presented in United States Dollars ("\$"), which is the Partnership's functional and presentation currency. 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. Except where otherwise indicated, financial information presented in US Dollars has been rounded to the nearest thousand.

#### Finance leases

When assets are leased to customers under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is then recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return ignoring tax cash flows.

#### 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 cash and balances at central banks (unless restricted), treasury bills and other eligible bills, loans and advances to banks, short-term government securities and inter group balances.

#### Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### Interest income and expense

Interest income and expense are 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 Partnership estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points 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. Distributions are recognised when unconditionally receivable from the underlying partnerships.

## Notes to the financial statements *(continued)*

### 2 Auditor's remuneration

The auditor's remuneration of \$6,000 (2010 \$6,000) for the year ended 31 December 2011 was borne by Standard Chartered Bank

### 3 Financial income and expense

	2011 \$'000	2010 \$'000
Operating lease income	-	616
<b>Financial income</b>	<b>-</b>	<b>616</b>
Indemnity fee amortisation	-	(11,148)
Operating lease expense	-	(580)
<b>Financial expenses</b>	<b>-</b>	<b>(11,728)</b>

### 4 Indemnity fees

	2011 \$'000	2010 \$'000
Capitalised indemnity fees opening written-down value	-	11,188
Less current year amortisation	-	(11,148)
Less discount on settlement of accrued fees payable	-	(40)
<b>Capitalised indemnity fees at year end</b>	<b>-</b>	<b>-</b>
Accrued fees payable opening balance	-	(2,732)
Add fees settled in current year	-	2,732
<b>Accrued fees payable at year end</b>	<b>-</b>	<b>-</b>

### 5 Related party transactions

None of the directors or officers of the Partners received any fees or emoluments for services as directors or officers of the Partner during the year (2010 nil)

The partnership did not receive any capital contributions from the partners during the year (2010 \$2,691,938)

The partnership had amounts due from SC Transport Leasing 1 Ltd of \$52,000 (2010 \$52,000) These are non-interest bearing current accounts repayable on demand

## Notes to the financial statements *(continued)*

### **6 Risk management**

#### **a) Credit risk**

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Partnership by failing to discharge an obligation. Financial instruments for the year comprised inter group balances. The Standard Chartered Group has policies and procedures in place to manage risk so the credit risk from amounts owed by group undertakings is not significant. Credit risk is further mitigated by an indemnification guarantee against certain unintended and adverse tax or operational consequences associated with the Partnership's activities.

#### **b) Liquidity risk**

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as funding decisions are within the control of the Partners.

#### **c) Foreign currency risk**

Foreign currency risk is the risk of a loss from assets or liabilities denoted in a foreign currency. All of the net assets of the Partnership are denominated in United States dollars ("USD").

#### **d) Market risk**

Market risk is the exposure created by potential changes in market prices and rates. The Partnership is not exposed to any significant market risk. The Partnership has no significant exposures as its transactions and balances are confined within the group.

### **7 Ultimate holding company and parent undertaking of largest group of which the Partnership is a member**

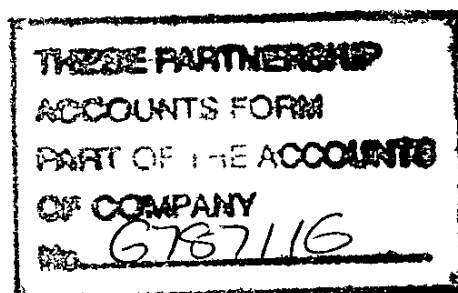
The Partnership was formed in the UK under the Limited Partnerships Act 1907 on 25 March 2009. The largest group in which the results of the Partnership are consolidated is that headed by Standard Chartered PLC, and the smallest group is that headed by Standard Chartered Bank. The consolidated financial statements of these companies are available to the public and may be obtained from the Company Secretary at 1 Basinghall Avenue, London, EC2V 5DD.

# **THE SC TRANSPORT LEASING PARTNERSHIP 1**

## **General Partner's Report and Financial Statements**

**From 1 January 2011 to 31 December 2011**

**Registered Number LP013441**



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## Contents

	Page/(s)
General Partner's Report	3
Statement of Directors' Responsibilities in respect of the General Partners' Report and the Financial Statements	4
Independent Auditor's Report to the Partners of The SC Transport Leasing Partnership 1	5
Income Statement	6
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-13

## General Partner's Report

The General Partner, SC Transport Leasing 1 Ltd, of The SC Transport Leasing Partnership 1 (the "Partnership") submits the following report, in respect of the year ended 31 December 2011

### Statement of General Partner's responsibilities

The Limited Partnership Agreement of 25 March 2009 requires the General Partner to prepare financial statements for each financial period in accordance with the accounting policies set out in the Limited Partnership Agreement. In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 Partnership will continue in business (As explained in note 1 of the financial statements, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis)

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure the financial statements comply with the Limited Partnership Agreement. The General Partner is also responsible for safeguarding the assets of the Partnership and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Principal activities

Commentary on the business of the Partnership during the year is contained in the Business review. The results for the year are set out in the Income Statement on page 6.

### Business review

During the previous year, the directors took the decision to cease trading. As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

### Going concern

Having made appropriate enquiries, we consider that the Partnership has ceased trading and should therefore no longer adopt the going concern basis in preparing the financial statements.

### Disclosure of information to auditors

The directors who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership'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 Partnership's auditors are aware of that information.

### Auditors

The General Partner has appointed KPMG Audit Plc as auditors of the partnership. KPMG Audit Plc have indicated their willingness to continue in office.



**Averina Snow**  
Director  
SC Transport Leasing 1 Ltd  
LP013441  
Date 27 September 2012

1 Basinghall Avenue  
London  
EC2V 5DD

## **Statement of Directors' Responsibilities in respect of the General Partner's Report and the Financial Statements**

The directors are responsible for preparing the General Partner's 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 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

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

# Independent auditor's report to the members of SC Transport Leasing Partnership 1

We have audited the financial statements of SC Transport Leasing Partnership 1 (the "Partnership") for the year ended 31 December 2011 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as endorsed by the European Union ("EU"). These financial statements have not been prepared on a going concern basis for the reason set out in note 1. This report is made solely to the partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the partners those matters we have been engaged to state to them in this 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 partners, as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of partners and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the partners are responsible for the preparation of the accounts in accordance with the Partnership Agreement dated 25 March 2009. Our responsibility is to audit, and express an opinion on, the accounts in accordance with the terms of our engagement letter dated 18 October 2010 and having regard to 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 accounts

A description of the scope of an audit of accounts is provided on the APB's website at

## Opinion on accounts

In our opinion

- the financial statements give a true and fair view of the state of the partnership's affairs as at 31 December 2011 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- have been prepared in accordance with the Partnership Agreement dated 25 March 2009

## Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Partnership's ability to continue as a going concern. The Partnership has ceased the operations in 2010 and there were no trading activities during 2011. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Partnership's ability to continue as a going concern. The financial statements have not been prepared on a going concern basis and instead the financial statements have been prepared on a cash recovery basis.

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

We have nothing to report in relation to the following matters where, under the terms of our engagement, we are required to report to you if, in our opinion

- the partners' report\* is not consistent with the accounts,
- the partnership has not kept proper accounting records,
- we have not received all the information and explanations we require for our audit, or
- information specified by the Partnership Agreement regarding partners' remuneration and other transactions is not disclosed

SAMEN HIJAZI

**Samer Hijazi (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
London  
Date 27 September 2012

## Income Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Financial income	3	-	615
Financial expenses	3	-	(20,684)
<b>Loss for the year</b>		<b>-</b>	<b>(20,069)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 \$'000	2010 \$'000
<b>Loss for the year</b>	<b>-</b>	<b>(20,069)</b>
Other comprehensive income	=	=
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(20,069)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Balance Sheet

as at 31 December 2011

	Note	31 December 2011	31 December 2010
		\$'000	\$'000
<b>Current assets</b>			
Amounts owed from group undertakings		52	52
<b>Total assets</b>		<b>52</b>	<b>52</b>
<b>Equity</b>			
Partners' capital account		52	52
<b>Total equity</b>		<b>52</b>	<b>52</b>

The notes on pages 10 to 13 form part of the Financial Statements

These financial statements were approved at a meeting of the General Partner's Board of Directors on 27 September 2012 and were signed on their behalf by



**David Richards**  
Director  
SC Transport Leasing 1 Ltd  
LP013441

## Statement of Changes in Equity

for the year ended 31 December 2011

	Partnership capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2010	18,824	(3,558)	15,266
Loss for the year	-	(20,069)	(20,069)
Total other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(20,069)	(20,069)
Partnership capital contributed	4,855	-	4,855
Distributions of partnership capital	-	-	-
Total contributions by and distributions to Partners	4,855	-	4,855
<b>Balance at 31 December 2010</b>	<b>23,679</b>	<b>(23,627)</b>	<b>52</b>
Loss for the year	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive loss for the year	-	-	-
Partnership capital contributed	-	-	-
Distributions of partnership capital	-	-	-
Total contributions by and distributions to Partners	-	-	-
<b>Balance at 31 December 2011</b>	<b>23,679</b>	<b>(23,627)</b>	<b>52</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Cash Flow Statement

for the year ended 31 December 2011

2011  
\$'000

2010  
\$'000

### Cash flows from operating activities

Loss before tax	-	(20,069)
Change in debtors/ creditors	-	15,249
Deferred income	-	(615)
Prepaid expenses	-	580

<b>Net cash used in operating activities</b>	<b>-</b>	<b>(4,855)</b>
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### Cash flows from financing activities

Capital contributions from partners	-	4,855
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<b>Net cash generated from financing activities</b>	<b>-</b>	<b>4,855</b>
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<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
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Cash and cash equivalents at 1 January	-	-
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<b>Cash and cash equivalents at 31 December</b>	<b>-</b>	<b>-</b>
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The notes on pages 10 to 13 form part of the Financial Statements

# Notes to the financial statements

for the year ended 31 December 2011

## 1 Principal accounting policies

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

### Basis of preparation

The financial statements have been prepared on a cash recovery basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in the financial statements

Following cessation of its leasing trade, management concluded that the Partnership is not likely to enter into any further trade in the future. The Partnership will therefore no longer adopt the going concern basis of accounting and instead the financial statements have been prepared on a cash recovery basis in the current year, in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ('EU')

At 31 December 2011, the Partnership had adopted all IFRSs and interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently to all years presented in these financial statements

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

### Reporting entity

SC Transport Leasing Partnership 1 is a Partnership established in the United Kingdom. The address of the Partnership's principal place of business is 1 Basinghall Avenue, London EC2V 5DD

### Recently issued accounting pronouncements

The following pronouncements relevant and applicable to the Partnership were issued as at 31 December 2011 but have effective dates for periods beginning after 31 December 2011. The use of IFRSs and certain IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted. The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Partners, none of these pronouncements are expected to result in any material adjustments to the financial statements

Pronouncement	Description of impact	Mandatory effective date for the Partnership
Amendment to IAS 12 – Deferred tax Recovery of underlying assets <sup>1,2</sup>	This amendment provides a practical approach for measuring deferred tax assets when it would be difficult and subjective to determine the expected manner of recovery	1 January 2012
Amendment to IFRS 7 – Financial instruments disclosure <sup>1,2</sup>	Requires additional disclosures when an asset is transferred but is not derecognised. It also requires disclosures of assets that are derecognised but where the entity continues to have a continuing exposure to the asset after the sale	1 January 2012
IFRS 9 – Financial Instruments <sup>1,2</sup>	IFRS 9 replaces certain elements of IAS 39 in respect of the classification and measurement of financial assets and financial liabilities. The standard requires all financial assets to be classified as fair value or amortised cost. Amortised cost classification is only permitted where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and where these contractual cash flows are solely payment of principal and interest. Gains or losses on assets measured at fair value are recognised in the income statement unless the asset is an equity investment and the Group has elected to present such gains or losses in other comprehensive income. Financial liabilities are required to be measured at fair value or amortised cost similar to IAS 39 requirements except that the change in fair value relating to own credit is reported within other comprehensive income and not the income statement	1 January 2015

# Notes to the financial statements *(continued)*

## 1 Principal accounting policies *(continued)*

### Recently issued accounting pronouncements *(continued)*

1 This IFRS or IFRIC Interpretation has not yet been endorsed by the EU

2 Subject to endorsement of the European Union the Group has not yet made a final decision as to whether it will apply in the 2012 financial statements those pronouncements marked in the table above

### Functional Currency

The financial statements are presented in United States Dollars ("\$"), which is the Partnership's functional and presentation currency. 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. Except where otherwise indicated, financial information presented in US Dollars has been rounded to the nearest thousand.

### Finance leases

When assets are leased to customers under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is then recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return ignoring tax cash flows.

### 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 cash and balances at central banks (unless restricted), treasury bills and other eligible bills, loans and advances to banks, short-term government securities and inter group balances.

### Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

### Interest income and expense

Interest income and expense are 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 Partnership estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points 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. distributions are recognised when unconditionally receivable from the underlying partnerships.

## Notes to the financial statements *(continued)*

### 2 Auditor's remuneration

The auditor's remuneration of \$6,000 (2010 \$6,000) for the year ended 31 December 2011 was borne by Standard Chartered Bank

### 3 Financial income and expense

	2011 \$'000	2010 \$'000
Operating lease income	-	615
<b>Financial income</b>	<b>-</b>	<b>615</b>
Indemnity fee amortisation	-	(20,104)
Operating lease expense	-	(580)
<b>Financial expenses</b>	<b>-</b>	<b>(20,684)</b>

### 4 Indemnity fees

	2011 \$'000	2010 \$'000
Capitalised indemnity fees opening written-down value	-	20,176
Less current year amortisation	-	(20,104)
Less discount on settlement of accrued fees payable	-	(72)
<b>Capitalised indemnity fees at year end</b>	<b>-</b>	<b>-</b>
Accrued fees payable opening balance	-	(4,927)
Add fees settled in current year	-	4,927
<b>Accrued fees payable at year end</b>	<b>-</b>	<b>-</b>

### 5 Related party transactions

None of the directors or officers of the Partners received any fees or emoluments for services as directors or officers of the Partner during the year (2010 nil)

The partnership did not receive any capital contributions from the partners during the year (2010 \$4,854,636)

The partnership had amounts due from SC Transport Leasing 1 Ltd of \$52,000 (2010 \$52,000) These are non-interest bearing current accounts repayable on demand

## Notes to the financial statements *(continued)*

### **6 Risk management**

#### **a) Credit risk**

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Partnership by failing to discharge an obligation. Financial instruments for the year comprised inter group balances. The Standard Chartered Group has policies and procedures in place to manage risk so the credit risk from amounts owed by group undertakings is not significant. Credit risk is further mitigated by an indemnification guarantee against certain unintended and adverse tax or operational consequences associated with the Partnership's activities.

#### **b) Liquidity risk**

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as funding decisions are within the control of the Partners.

#### **c) Foreign currency risk**

Foreign currency risk is the risk of a loss from assets or liabilities denoted in a foreign currency. All of the net assets of the Partnership are denominated in United States dollars ("USD").

#### **d) Market risk**

Market risk is the exposure created by potential changes in market prices and rates. The Partnership is not exposed to any significant market risk. The Partnership has no significant exposures as its transactions and balances are confined within the group.

### **7 Ultimate holding company and parent undertaking of largest group of which the Partnership is a member**

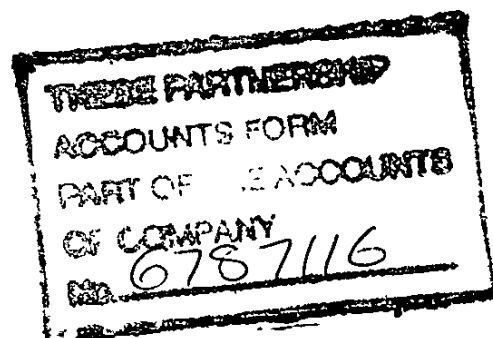
The Partnership was formed in the UK under the Limited Partnerships Act 1907 on 25 March 2009. The largest group in which the results of the Partnership are consolidated is that headed by Standard Chartered PLC, and the smallest group is that headed by Standard Chartered Bank. The consolidated financial statements of these companies are available to the public and may be obtained from the Company Secretary at 1 Basinghall Avenue, London, EC2V 5DD.

# **THE SC TRANSPORT LEASING PARTNERSHIP 2**

## **General Partner's Report and Financial Statements**

**From 1 January 2011 to 31 December 2011**

**Registered Number LP013440**



## Contents

	Page/(s)
General Partner's Report	3
Statement of Directors' Responsibilities in respect of the General Partners' Report and the Financial Statements	4
Independent Auditor's Report to the Partners of The SC Transport Leasing Partnership 2	5
Income Statement	6
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-13

## General Partner's Report

The General Partner, SC Transport Leasing 1 Ltd, of The SC Transport Leasing Partnership 2 (the "Partnership") submits the following report, in respect of the year ended 31 December 2011

### Statement of General Partner's responsibilities

The Limited Partnership Agreement of 25 March 2009 requires the General Partner to prepare financial statements for each financial period in accordance with the accounting policies set out in the Limited Partnership Agreement. In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 Partnership will continue in business (As explained in note 1 of the financial statements, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis)

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure the financial statements comply with the Limited Partnership Agreement. The General Partner is also responsible for safeguarding the assets of the Partnership and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Principal activities

Commentary on the business of the Partnership during the year is contained in the Business review. The results for the year are set out in the Income Statement on page 6.

### Business review

During the previous year, the directors took the decision to cease trading. As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

### Going concern

Having made appropriate enquiries, we consider that the Partnership has ceased trading and should therefore no longer adopt the going concern basis in preparing the financial statements.

### Disclosure of information to auditors

The directors who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership'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 Partnership's auditors are aware of that information.

### Auditors

The General Partner has appointed KPMG Audit Plc as auditors of the partnership. KPMG Audit Plc have indicated their willingness to continue in office.

*Averina A Snow*

**Averina Snow**  
Director  
SC Transport Leasing 1 Ltd  
LP013440  
Date 27 September 2012

1 Basinghall Avenue  
London  
EC2V 5DD

## **Statement of Directors' Responsibilities in respect of the General Partner's Report and the Financial Statements**

The directors are responsible for preparing the General Partner's 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 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

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

## Independent auditor's report to the members of SC Transport Leasing Partnership 2

We have audited the financial statements of SC Transport Leasing Partnership 2 (the "Partnership") for the year ended 31 December 2011 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ("EU"). These financial statements have not been prepared on a going concern basis for the reason set out in note 1. This report is made solely to the partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the partners those matters we have been engaged to state to them in this 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 partners, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of partners and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the partners are responsible for the preparation of the accounts in accordance with the Partnership Agreement dated 25 March 2009. Our responsibility is to audit, and express an opinion on, the accounts in accordance with the terms of our engagement letter dated 18 October 2010 and having regard to 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 accounts

A description of the scope of an audit of accounts is provided on the APB's website at

### Opinion on accounts

In our opinion:

- the financial statements give a true and fair view of the state of the partnership's affairs as at 31 December 2011 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- have been prepared in accordance with the Partnership Agreement dated 25 March 2009.

### Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Partnership's ability to continue as a going concern. The Partnership has ceased the operations in 2010 and there were no trading activities during 2011. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Partnership's ability to continue as a going concern. The financial statements have not been prepared on a going concern basis and instead the financial statements have been prepared on a cash recovery basis.

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

We have nothing to report in relation to the following matters where, under the terms of our engagement, we are required to report to you if, in our opinion:

- the partners' report\* is not consistent with the accounts,
- the partnership has not kept proper accounting records,
- we have not received all the information and explanations we require for our audit, or
- information specified by the Partnership Agreement regarding partners' remuneration and other transactions is not disclosed.

SAMER HIJAZI

Samer Hijazi (Senior Statutory Auditor)  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
London  
27 September 2012

## Income Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Financial income	3	-	615
Financial expenses	3	-	(11,641)
<b>Loss for the year</b>		<b>-</b>	<b>(11,026)</b>

The notes on pages 10 to13 form part of the Financial Statements

## Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 \$'000	2010 \$'000
Loss for the year	-	(11,026)
Other comprehensive income	=	=
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(11,026)</b>

The notes on pages 10 to13 form part of the Financial Statements

## Balance Sheet

as at 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Current assets</b>			
Amounts owed from group undertakings		52	52
<b>Total assets</b>		<b>52</b>	<b>52</b>
<b>Equity</b>			
Partners' capital account		52	52
<b>Total equity</b>		<b>52</b>	<b>52</b>

The notes on pages 10 to 13 form part of the Financial Statements

These financial statements were approved at a meeting of the General Partner's Board of Directors on 27 September 2012 and were signed on their behalf by



**David Richards**  
Director  
SC Transport Leasing 1 Ltd  
LP013440

## Statement of Changes in Equity

for the year ended 31 December 2011

	Partnership capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2010	10,387	(1,956)	8,431
Loss for the year	-	(11,026)	(11,026)
Total other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(11,026)	(11,026)
Partnership capital contributed	2,647	-	2,647
Distributions of partnership capital	-	-	-
Total contributions by and distributions to Partners	2,647	-	2,647
<b>Balance at 1 January 2011</b>	<b>13,034</b>	<b>(12,982)</b>	<b>52</b>
Loss for the year	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive loss for the year	-	-	-
Partnership capital contributed	-	-	-
Distributions of partnership capital	-	-	-
Total contributions by and distributions to Partners	-	-	-
<b>Balance at 31 December 2011</b>	<b>13,034</b>	<b>(12,982)</b>	<b>52</b>

The notes on pages 10 to 13 form part of the Financial Statements

**Cash Flow Statement**  
for the year ended 31 December 2011

2011  
\$'000

2010  
\$'000

**Cash flows from operating activities**

Loss before tax	-	(11,026)
Change in debtors/ creditors	-	8,414
Deferred income	-	(615)
Prepaid expenses	-	580
<b>Net cash used in operating activities</b>	<b>-</b>	<b>(2,647)</b>

**Cash flows from financing activities**

Capital contributions from partners	-	2,647
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>2,647</b>

<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
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Cash and cash equivalents at 1 January	-	-
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<b>Cash and cash equivalents at 31 December</b>	<b>-</b>	<b>-</b>
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The notes on pages 10 to 13 form part of the Financial Statements

# Notes to the financial statements

for the year ended 31 December 2011

## 1 Principal accounting policies

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

### Basis of preparation

The financial statements have been prepared on a cash recovery basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in the financial statements

Following cessation of its leasing trade, management concluded that the Partnership is not likely to enter into any further trade in the future. The Partnership will therefore no longer adopt the going concern basis of accounting and instead the financial statements have been prepared on a cash recovery basis in the current year, in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ('EU')

At 31 December 2011, the Partnership had adopted all IFRSs and interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently to all years presented in these financial statements

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

### Reporting entity

SC Transport Leasing Partnership 2 is a Partnership established in the United Kingdom. The address of the Partnership's principal place of business is 1 Basinghall Avenue, London EC2V 5DD

### Recently issued accounting pronouncements

The following pronouncements relevant and applicable to the Partnership were issued as at 31 December 2011 but have effective dates for periods beginning after 31 December 2011. The use of IFRSs and certain IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted. The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Partners, none of these pronouncements are expected to result in any material adjustments to the financial statements

Pronouncement	Description of impact	Mandatory effective date for the Partnership
Amendment to IAS 12 – Deferred tax Recovery of underlying assets <sup>1,2</sup>	This amendment provides a practical approach for measuring deferred tax assets when it would be difficult and subjective to determine the expected manner of recovery	1 January 2012
Amendment to IFRS 7 – Financial instruments disclosure <sup>1,2</sup>	Requires additional disclosures when an asset is transferred but is not derecognised. It also requires disclosures of assets that are derecognised but where the entity continues to have a continuing exposure to the asset after the sale	1 January 2012
IFRS 9 – Financial Instruments <sup>1,2</sup>	IFRS 9 replaces certain elements of IAS 39 in respect of the classification and measurement of financial assets and financial liabilities. The standard requires all financial assets to be classified as fair value or amortised cost. Amortised cost classification is only permitted where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and where these contractual cash flows are solely payment of principal and interest. Gains or losses on assets measured at fair value are recognised in the income statement unless the asset is an equity investment and the Group has elected to present such gains or losses in other comprehensive income. Financial liabilities are required to be measured at fair value or amortised cost similar to IAS 39 requirements except that the change in fair value relating to own credit is reported within other comprehensive income and not the income statement	1 January 2015

## Notes to the financial statements *(continued)*

### 1. Principal accounting policies *(continued)*

#### Recently issued accounting pronouncements *(continued)*

1 This IFRS or IFRIC Interpretation has not yet been endorsed by the EU

2 Subject to endorsement of the European Union the Group has not yet made a final decision as to whether it will apply in the 2012 financial statements those pronouncements marked in the table above

#### Functional Currency

The financial statements are presented in United States Dollars ("\$"), which is the Partnership's functional and presentation currency. 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. Except where otherwise indicated, financial information presented in US Dollars has been rounded to the nearest thousand.

#### Finance leases

When assets are leased to customers under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is then recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return ignoring tax cash flows.

#### 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 cash and balances at central banks (unless restricted), treasury bills and other eligible bills, loans and advances to banks, short-term government securities and inter group balances.

#### Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### Interest income and expense

Interest income and expense are 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 Partnership estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points 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. Distributions are recognised when unconditionally receivable from the underlying partnerships.

## Notes to the financial statements (continued)

### 2 Auditor's remuneration

The auditor's remuneration of \$6,000 ( 2010 \$6,000) for the year ended 31 December 2011 was borne by Standard Chartered Bank

### 3 Financial income and expense

	2011 \$'000	2010 \$'000
Operating lease income	-	615
<b>Financial income</b>	<b>-</b>	<b>615</b>
Indemnity fee amortisation	-	(11,061)
Operating lease expense	-	(580)
<b>Financial expenses</b>	<b>-</b>	<b>(11,641)</b>

### 4 Indemnity fees

	2011 \$'000	2010 \$'000
Capitalised indemnity fees opening written-down value	-	11,134
Less current year amortisation	-	(11,061)
Less discount on settlement of accrued fees payable	-	(72)
<b>Capitalised indemnity fees at year end</b>	<b>-</b>	<b>-</b>
Accrued fees payable opening balance	-	(2,719)
Add fees settled in current year	-	2,719
<b>Accrued fees payable at year end</b>	<b>-</b>	<b>-</b>

### 5 Related party transactions

None of the directors or officers of the Partners received any fees or emoluments for services as directors or officers of the Partner during the year (2010 nil)

The partnership did not receive any capital contributions from the partners during the year (2010 \$2,646,394)

The partnership had amounts due from SC Transport Leasing 1 Ltd of \$52,000 (2010 \$52,000) These are non-interest bearing current accounts repayable on demand

## Notes to the financial statements *(continued)*

### 6 Risk management

#### a) Credit risk

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Partnership by failing to discharge an obligation. Financial instruments for the year comprised inter group balances. The Standard Chartered Group has policies and procedures in place to manage risk so the credit risk from amounts owed by group undertakings is not significant. Credit risk is further mitigated by an indemnification guarantee against certain unintended and adverse tax or operational consequences associated with the Partnership's activities.

#### b) Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as funding decisions are within the control of the Partners.

#### c) Foreign currency risk

Foreign currency risk is the risk of a loss from assets or liabilities denoted in a foreign currency. All of the net assets of the Partnership are denominated in United States dollars ("USD").

#### d) Market risk

Market risk is the exposure created by potential changes in market prices and rates. The Partnership is not exposed to any significant market risk. The Partnership has no significant exposures as its transactions and balances are confined within the group.

### 7 Ultimate holding company and parent undertaking of largest group of which the Partnership is a member

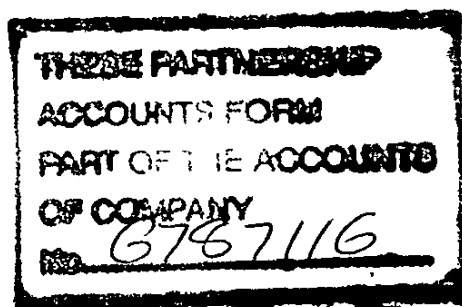
The Partnership was formed in the UK under the Limited Partnerships Act 1907 on 25 March 2009. The largest group in which the results of the Partnership are consolidated is that headed by Standard Chartered PLC, and the smallest group is that headed by Standard Chartered Bank. The consolidated financial statements of these companies are available to the public and may be obtained from the Company Secretary at 1, Basinghall Avenue London EC2V 5DD.

# **THE SC TRANSPORT LEASING PARTNERSHIP 4**

## **General Partner's Report and Financial Statements**

**From 1 January 2011 to 31 December 2011**

**Registered Number LP013443**



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## Contents

### Page/(s)

General Partner's Report	3
Statement of Directors' Responsibilities in respect of the General Partners' Report and the Financial Statements	4
Independent Auditor's Report to the Partners of The SC Transport Leasing Partnership 4	5
Income Statement	6
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-13

## General Partner's Report

The General Partner, SC Transport Leasing 1 Ltd, of The SC Transport Leasing Partnership 4 (the "Partnership") submits the following report, in respect of the year ended 31 December 2011

### Statement of General Partner's responsibilities

The Limited Partnership Agreement of 25 March 2009 requires the General Partner to prepare financial statements for each financial period in accordance with the accounting policies set out in the Limited Partnership Agreement. In preparing these financial statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 Partnership will continue in business (As explained in note 1 of the financial statements, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis)

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure the financial statements comply with the Limited Partnership Agreement. The General Partner is also responsible for safeguarding the assets of the Partnership and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Principal activities

Commentary on the business of the Partnership during the year is contained in the Business review. The results for the year are set out in the Income Statement on page 6.

### Business review

During the previous year, the directors took the decision to cease trading. As the directors do not intend to acquire a replacement trade, they have not prepared the financial statements on a going concern basis. The effect of this is explained in note 1.

### Going concern

Having made appropriate enquiries, we consider that the Partnership has ceased trading and should therefore no longer adopt the going concern basis in preparing the financial statements.

### Disclosure of information to auditors

The directors who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership'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 Partnership's auditors are aware of that information.

### Auditors

The General Partner has appointed KPMG Audit Plc as auditors of the partnership. KPMG Audit Plc have indicated their willingness to continue in office.



**Terry Skippen**  
Director  
SC Transport Leasing 1 Ltd  
LP013443

Basinghall Avenue  
London  
EC2V 5DD

Date 27 September 2012

## **Statement of Directors' Responsibilities in respect of the General Partner's Report and the Financial Statements**

The directors are responsible for preparing the General Partner's 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 and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

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

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

## Independent auditor's report to the members of SC Transport Leasing Partnership 4

We have audited the financial statements of SC Transport Leasing Partnership 4 (the "Partnership") for the year ended 31 December 2011 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ("EU"). These financial statements have not been prepared on a going concern basis for the reason set out in note 1.

This report is made solely to the partners, as a body, in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the partners those matters we have been engaged to state to them in this 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 partners, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of partners and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the partners are responsible for the preparation of the accounts in accordance with the Partnership Agreement dated 25 March 2009. Our responsibility is to audit, and express an opinion on, the accounts in accordance with the terms of our engagement letter dated 18 October 2010 and having regard to 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 accounts

A description of the scope of an audit of accounts is provided on the APB's website at

### Opinion on accounts

In our opinion

- the financial statements give a true and fair view of the state of the partnership's affairs as at 31 December 2011 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- have been prepared in accordance with the Partnership Agreement dated 25 March 2009.

### Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Partnership's ability to continue as a going concern. The Partnership has ceased the operations in 2010 and there were no trading activities during 2011. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Partnership's ability to continue as a going concern. The financial statements have not been prepared on a going concern basis and instead the financial statements have been prepared on a cash recovery basis.

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

We have nothing to report in relation to the following matters where, under the terms of our engagement, we are required to report to you if, in our opinion

- the partners' report\* is not consistent with the accounts,
- the partnership has not kept proper accounting records,
- we have not received all the information and explanations we require for our audit, or
- information specified by the Partnership Agreement regarding partners' remuneration and other transactions is not disclosed.

**SAMER HIJAZI**

**Samer Hijazi (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
*Chartered Accountants*  
London  
Date 27 September 2012

## Income Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Financial income	3	-	616
Financial expenses	3	-	(32,617)
<b>Loss for the year</b>		<b>-</b>	<b>(32,001)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 \$'000	2010 \$'000
Loss for the year	-	(32,001)
Other comprehensive income	=	=
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(32,001)</b>

The notes on pages 10 to 13 form part of the Financial Statements

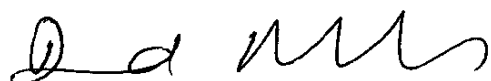
## Balance Sheet

as at 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Current assets</b>			
Amounts owed from group undertakings		52	52
<b>Total assets</b>		<b>52</b>	<b>52</b>
<b>Equity</b>			
Partners' capital account		52	52
<b>Total equity</b>		<b>52</b>	<b>52</b>

The notes on pages 10 to 13 form part of the Financial Statements

These financial statements were approved at a meeting of the General Partner's Board of Directors on 27 September 2012 and were signed on their behalf by



**David Richards**  
Director  
SC Transport Leasing 1 Ltd  
LP013443

## Statement of Changes in Equity

for the year ended 31 December 2011

	Partnership capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2010	29,998	(5,681)	24,317
Loss for the year	-	(32,001)	(32,001)
Total other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(32,001)	(32,001)
Partnership capital contributed	7,736	-	7,736
Distributions of partnership capital	-	-	-
Total contributions by and distributions to Partners	7,736	-	7,736
<b>Balance at 1 January 2011</b>	<b>37,734</b>	<b>(37,682)</b>	<b>52</b>
Loss for the year	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive loss for the year	-	-	-
Partnership capital contributed	-	-	-
Distributions of partnership capital	-	-	-
Total contributions by and distributions to Partners	-	-	-
<b>Balance at 31 December 2011</b>	<b>37,734</b>	<b>(37,682)</b>	<b>52</b>

The notes on pages 10 to 13 form part of the Financial Statements

**Cash Flow Statement**  
for the year ended 31 December 2011

2011  
\$'000

2010  
\$'000

**Cash flows from operating activities**

Loss before tax	-	(32,001)
Change in debtors/ creditors	-	24,300
Deferred income	-	(615)
Prepaid expenses	-	580
<b>Net cash used in operating activities</b>	<b>-</b>	<b>(7,736)</b>

**Cash flows from financing activities**

Capital contributions from partners	-	7,736
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>7,736</b>

<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
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Cash and cash equivalents at 1 January	-	-
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<b>Cash and cash equivalents at 31 December</b>	<b>-</b>	<b>-</b>
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The notes on pages 10 to 13 form part of the Financial Statements

# Notes to the financial statements

for the year ended 31 December 2011

## 1 Principal accounting policies

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

### Basis of preparation

The financial statements have been prepared on a cash recovery basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in the financial statements

Following cessation of its leasing trade, management concluded that the Partnership is not likely to enter into any further trade in the future. The Partnership will therefore no longer adopt the going concern basis of accounting and instead the financial statements have been prepared on a cash recovery basis in the current year, in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ('EU')

At 31 December 2011, the Partnership had adopted all IFRSs and interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently to all years presented in these financial statements

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

### Reporting entity

SC Transport Leasing Partnership 4 is a Partnership established in the United Kingdom. The address of the Partnership's principal place of business is 1 Basinghall Avenue, London EC2V 5DD

### Recently issued accounting pronouncements

The following pronouncements relevant and applicable to the Partnership were issued as at 31 December 2011 but have effective dates for periods beginning after 31 December 2011. The use of IFRSs and certain IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted. The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Partners, none of these pronouncements are expected to result in any material adjustments to the financial statements

Pronouncement	Description of impact	Mandatory effective date for the Partnership
Amendment to IAS 12 – Deferred tax Recovery of underlying assets <sup>1, 2</sup>	This amendment provides a practical approach for measuring deferred tax assets when it would be difficult and subjective to determine the expected manner of recovery	1 January 2012
Amendment to IFRS 7 – Financial instruments disclosure <sup>1, 2</sup>	Requires additional disclosures when an asset is transferred but is not derecognised. It also requires disclosures of assets that are derecognised but where the entity continues to have a continuing exposure to the asset after the sale	1 January 2012
IFRS 9 – Financial Instruments <sup>1, 2</sup>	IFRS 9 replaces certain elements of IAS 39 in respect of the classification and measurement of financial assets and financial liabilities. The standard requires all financial assets to be classified as fair value or amortised cost. Amortised cost classification is only permitted where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and where these contractual cash flows are solely payment of principal and interest. Gains or losses on assets measured at fair value are recognised in the income statement unless the asset is an equity investment and the Group has elected to present such gains or losses in other comprehensive income. Financial liabilities are required to be measured at fair value or amortised cost similar to IAS 39 requirements except that the change in fair value relating to own credit is reported within other comprehensive income and not the income statement	1 January 2015

## Notes to the financial statements *(continued)*

### 1 Principal accounting policies *(continued)*

#### Recently issued accounting pronouncements *(continued)*

1 This IFRS or IFRIC Interpretation has not yet been endorsed by the EU

2 Subject to endorsement of the European Union the Group has not yet made a final decision as to whether it will apply in the 2012 financial statements those pronouncements marked in the table above

#### Functional Currency

The financial statements are presented in United States Dollars ("\$"), which is the Partnership's functional and presentation currency. 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. Except where otherwise indicated, financial information presented in US Dollars has been rounded to the nearest thousand.

#### Finance leases

When assets are leased to customers under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is then recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return ignoring tax cash flows.

#### 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 cash and balances at central banks (unless restricted), treasury bills and other eligible bills, loans and advances to banks, short-term government securities and inter group balances.

#### Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### Interest income and expense

Interest income and expense are 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 Partnership estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points 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. Distributions are recognised when unconditionally receivable from the underlying partnerships.

## Notes to the financial statements *(continued)*

### 2 Auditor's remuneration

The auditor's remuneration of \$6,000 (2010 \$6,000) for the year ended 31 December 2011 was borne by Standard Chartered Bank

### 3 Financial income and expense

	2011 \$'000	2010 \$'000
Operating lease income	-	616
<b>Financial income</b>	<b>-</b>	<b>616</b>
Indemnity fee amortisation	-	(32,037)
Operating lease expense	-	(580)
<b>Financial expenses</b>	<b>-</b>	<b>(32,617)</b>

### 4 Indemnity fees

	2011 \$'000	2010 \$'000
Capitalised indemnity fees opening written-down value	-	32,152
Less current year amortisation	-	(32,037)
Less discount on settlement of accrued fees payable	-	(115)
<b>Capitalised indemnity fees at year end</b>	<b>-</b>	<b>-</b>
Accrued fees payable opening balance	-	(7,851)
Add fees settled in current year	-	7,851
<b>Accrued fees payable at year end</b>	<b>-</b>	<b>-</b>

### 5 Related party transactions

None of the directors or officers of the Partners received any fees or emoluments for services as directors or officers of the Partner during the year (2010 nil)

The partnership did not receive any capital contributions from the partners during the year (2010 \$7,736,056)

The partnership had amounts due from SC Transport Leasing 1 Ltd of \$52,000 (2010 \$52,000) These are non-interest bearing current accounts repayable on demand

## Notes to the financial statements *(continued)*

### 6 Risk management

#### a) Credit risk

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Partnership by failing to discharge an obligation. Financial instruments for the year comprised inter group balances. The Standard Chartered Group has policies and procedures in place to manage risk so the credit risk from amounts owed by group undertakings is not significant. Credit risk is further mitigated by an indemnification guarantee against certain unintended and adverse tax or operational consequences associated with the Partnership's activities.

#### b) Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as funding decisions are within the control of the Partners.

#### c) Foreign currency risk

Foreign currency risk is the risk of a loss from assets or liabilities denoted in a foreign currency. All of the net assets of the Partnership are denominated in United States dollars ("USD").

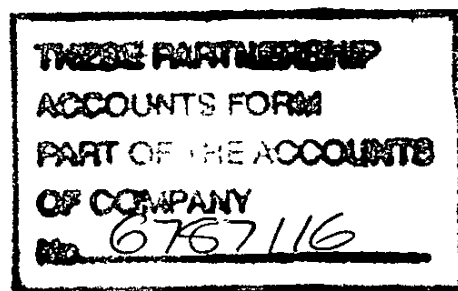
#### d) Market risk

Market risk is the exposure created by potential changes in market prices and rates. The Partnership is not exposed to any significant market risk. The Partnership has no significant exposures as its transactions and balances are confined within the group.

### 7 Ultimate holding company and parent undertaking of largest group of which the Partnership is a member

The Partnership was formed in the UK under the Limited Partnerships Act 1907 on 25 March 2009. The largest group in which the results of the Partnership are consolidated is that headed by Standard Chartered PLC, and the smallest group is that headed by Standard Chartered Bank. The consolidated financial statements of these companies are available to the public and may be obtained from the Company Secretary at 1 Basinghall Avenue, London, EC2V 5DD.

**THE BW LEASING PARTNERSHIP 1 LP**  
**General Partner's Report and Financial Statements**  
**For the year ended 31 December 2011**  
**Registered Number LP 13983**



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## Contents

	<b>Page/(s)</b>
General Partner's Report	3
Independent Auditors' Report to the members of The BW Leasing Partnership 1 LP	4
Income Statement	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-13

## General Partner's Report

The General Partner of The BW Leasing Partnership 1 LP (the Partnership), SC Transport Leasing 1 Ltd, submits the following report, in respect of the year ended 31 December 2011

### Statement of General Partner's responsibilities

The Limited Partnership Agreement of 14 June 2010 requires the General Partner to prepare Financial Statements for each financial period in accordance with the accounting policies set out in the Limited Partnership Agreement. In preparing these Financial Statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 Partnership will continue in business

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure the Financial Statements comply with the Limited Partnership Agreement. The General Partner is also responsible for safeguarding the assets of the Partnership and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Principal activities

Commentary on the business of the Partnership during the year is contained in the Business review. The results for the year are set out in the Income Statement on page 5.

During the year the Partnership's principal activity was operating a leasing trade. However, on 7 December 2011, the directors of the General Partner (the Directors) took the decision to cease trading in light of changed economic circumstances. As the Directors do not intend to acquire a replacement trade, they have not prepared the Financial Statements on a going concern basis. The effect of this is explained in note 1.

### Business review

In June 2011 the Partnership's ship finance lease, in which it was the lessor, was terminated. Outstanding lease receivables were accelerated and the ship was disposed of at market value. The Partnership received lease termination fees, and 0.01% of the ship sale proceeds were retained after allowing for a commission payable to the sales agent.

### Going concern

Having made appropriate enquiries, we consider that the Partnership has ceased trading and should therefore no longer adopt the going concern basis in preparing the Financial Statements.

### Disclosure of information to auditors

The Directors who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership'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 Partnership's auditors are aware of that information.

### Auditors

The General Partner has appointed KPMG Audit Plc as auditors of the Partnership. KPMG Audit Plc have indicated their willingness to continue in office.

*Averina A Snow*

**Averina Snow**

Director

SC Transport Leasing 1 Ltd

Reg No 6787116

1 Basinghall Avenue  
London  
EC2V 5DD

27 September 2012

# **Independent Auditor's Report to the members of the BW Leasing Partnership 1 LP**

We have audited the Financial Statements of BW Leasing Partnership 1 LP for the year ended 31 December 2011 which comprise Income statement, Statement of Comprehensive income, Balance sheet, Statement of Changes in Equity, Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union ("EU"). These Financial Statements have not been prepared on a going concern basis for the reason set out in note 1.

This report is made solely to the partnership's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in this 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of partners and auditor**

As explained more fully in the General Partner's report set out on page 3, the partnership's members are responsible for the preparation of the Financial Statements in accordance with the Partnership Agreement dated of 14 June 2010. 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**

A description of the scope of an audit of Financial Statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## **Opinion on Financial Statements**

In our opinion the Financial Statements

- give a true and fair view of the state of the partnership's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU,
- have been prepared in accordance with the Partnership Agreement dated 14 June 2010

## **Emphasis of matter – going concern**

In forming our opinion on the Financial Statements, which is not modified we have considered the adequacy of the disclosure made in note 1 to the Financial Statements concerning the partnership's ability to continue as a going concern. The partnership incurred a net loss of \$15 million during the year ended 31 December 2011 and, at that date, the partnership's non-current liabilities exceeded its total assets by \$17.5 million. These conditions, along with the other matters explained in note 1 to the Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt about the partnership's ability to continue as a going concern.

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

We have nothing to report in relation to the following matters where, under the terms of our engagement, we are required to report to you if, in our opinion:

- the partners' report\* is not consistent with the Financial Statements,
- the partnership has not kept proper accounting records,
- we have not received all the information and explanations we require for our audit, or
- information specified by the Partnership Agreement regarding partners' remuneration and other transactions is not disclosed.

**SAMER HIJAZI**

**Samer Hijazi (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
*Chartered Accountants*  
London  
27 September 2012

## Income Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Financial income	3	57	36
Financial expenses	3	(15,760)	(1,808)
<b>Loss for the year/ period</b>		<b>(15,703)</b>	<b>(1,772)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 \$'000	2010 \$'000
Loss for the year/ period	(15,703)	(1,772)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year/ period</b>	<b>(15,703)</b>	<b>(1,772)</b>

The notes on pages 10 to 13 form part of the Financial Statements

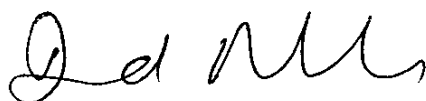
## Balance Sheet

as at 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Current assets</b>			
Finance lease receivable		-	506
Indemnification guarantee	4	-	3,435
Amounts due from group undertakings		2	-
		<b>2</b>	<b>3,941</b>
<b>Non-current assets</b>			
Finance lease receivable		-	1 859
Indemnification guarantee	4	-	11,898
		-	<b>13,757</b>
<b>Total assets</b>		<b>2</b>	<b>17,698</b>
<b>Current liabilities</b>			
Financial liabilities	5	-	2,614
		-	<b>2,614</b>
<b>Non-current liabilities</b>			
Financial liabilities	5	17,136	16,887
Interest payable		373	-
		<b>17,509</b>	<b>16,887</b>
<b>Total liabilities</b>		<b>17,509</b>	<b>19,501</b>
<b>Net assets</b>		<b>(17,507)</b>	<b>(1,803)</b>
<b>Equity</b>			
Partners' capital account		(17,507)	(1,803)
<b>Total equity</b>		<b>(17,507)</b>	<b>(1,803)</b>

The notes on pages 10 to 13 form part of the Financial Statements

These Financial Statements were approved at a meeting of the General Partner's Board of Directors on 27 September 2012 and were signed on their behalf by



**David Richards**  
Director  
SC Transport Leasing 1 Ltd  
Reg No 6787116

## Statement of Changes in Equity

for the year ended 31 December 2011

	Partnership capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 24 June 2010	19,779	(19)	19,760
Loss for the period	-	(1,772)	(1,772)
Total comprehensive income for the period	-	(1,772)	(1,772)
Distributions of Partnership capital	(19,791)	-	(19,791)
Total contributions by and distributions to Partners	(19,791)	-	(19,791)
<b>Balance at 31 December 2010</b>	<b>(12)</b>	<b>(1,791)</b>	<b>(1,803)</b>
Loss for the year	-	(15,703)	(15,703)
Total comprehensive income for the year	-	(15,703)	(15,703)
<b>Balance at 31 December 2011</b>	<b>(12)</b>	<b>(17,495)</b>	<b>(17,507)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Cash Flow Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(15,703)	(1,772)
Indemnity fee amortisation	4	15,333	1,798
Accrued interest		372	-
<b>Net cash (used in)/generated from operating activities</b>		<b>2</b>	<b>26</b>
<b>Cash flows from investing activities</b>			
Finance lease rentals received		2,365	265
<b>Net cash generated from investing activities</b>		<b>2,365</b>	<b>265</b>
<b>Cash flows from financing activities</b>			
Capital distributions to Partners			(19)
Loans to Partners		(2)	-
Loan repayments to Partners		(2,365)	(272)
<b>Net cash used in financing activities</b>		<b>(2,367)</b>	<b>(291)</b>
<b>Net increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at 1 January		-	-
<b>Cash and cash equivalents at 31 December</b>		<b>-</b>	<b>-</b>

The notes on pages 10 to 13 form part of the Financial Statements

# Notes to the Financial Statements

for the year ended 31 December 2011

## 1 Principal accounting policies

The Partnership's Financial Statements have been prepared and approved by the General Partner in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs")

### Basis of preparation

The Financial Statements have been prepared on a cash recovery basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Financial Statements.

Following cessation of its leasing trade, management concluded that the Partnership is not likely to enter into any further trade in future. The Partnership will therefore no longer adopt the going concern basis of accounting and instead the Financial Statements have been prepared on a cash recovery basis in the current period, in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU').

At 31 December 2011, the Partnership had adopted all IFRSs and interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

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

### Reporting entity

The BW Leasing Partnership 1 LP is a Limited Partnership established in the United Kingdom. The address of the Partnership's principal place of business is 1 Basinghall Avenue, London, EC2V 5DD.

### Recently issued accounting pronouncements

The following pronouncements relevant and applicable to the Partnership were issued as at 31 December 2011 but have effective dates for periods beginning after 31 December 2011. The use of IFRSs and certain IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted. The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Partners, none of these pronouncements are expected to result in any material adjustments to the Financial Statements.

Pronouncement	Description of impact	Mandatory effective date for the Partnership
Amendment to IAS 12 – Deferred tax Recovery of underlying assets <sup>1,2</sup>	This amendment provides a practical approach for measuring deferred tax assets when it would be difficult and subjective to determine the expected manner of recovery.	1 January 2012
Amendment to IFRS 7 – Financial instruments disclosure <sup>1,2</sup>	Requires additional disclosures when an asset is transferred but is not derecognised. It also requires disclosures of assets that are derecognised but where the entity continues to have a continuing exposure to the asset after the sale.	1 January 2012
IFRS 9 – Financial Instruments <sup>1,2</sup>	IFRS 9 replaces certain elements of IAS 39 in respect of the classification and measurement of financial assets and financial liabilities. The standard requires all financial assets to be classified as fair value or amortised cost. Amortised cost classification is only permitted where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and where these contractual cash flows are solely payment of principal and interest. Gains or losses on assets measured at fair value are recognised in the income statement unless the asset is an equity investment and the Group has elected to present such gains or losses in other comprehensive income. Financial liabilities are required to be measured at fair value or amortised cost similar to IAS 39 requirements except that the change in fair value relating to own credit is reported within other comprehensive income and not the income statement.	1 January 2015

## Notes to the Financial Statements *(continued)*

### 1 Principal accounting policies *(continued)*

#### Recently issued accounting pronouncements *(continued)*

- 1 This IFRS or IFRIC Interpretation has not yet been endorsed by the EU
- 2 Subject to endorsement of the European Union the Group has not yet made a final decision as to whether it will apply in the 2012 Financial Statements those pronouncements marked in the table above

#### Functional currency

The Financial Statements are presented in United States Dollars ("\$"), which is the Partnership's functional and presentation currency. 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. Except where otherwise indicated, financial information presented in US Dollars has been rounded to the nearest thousand.

#### Finance leases

When assets are leased to customers under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is then recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return ignoring tax cash flows.

#### 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 cash and balances at central banks (unless restricted), treasury bills and other eligible bills, loans and advances to banks, short-term government securities and inter group balances.

#### Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### Interest income and expense

Interest income and expense are 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 Partnership estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points 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.

## Notes to the Financial Statements *(continued)*

### 2 Auditor's remuneration

The auditor's remuneration of \$6,000 for the year ended 31 December 2011 (31 December 2010 \$6,000) was borne by Standard Chartered Bank

### 3 Financial income and expense

	2011 \$'000	2010 \$'000
Interest income	37	36
Termination fee income	20	-
<b>Financial income</b>	<b>57</b>	<b>36</b>
Interest expense	427	10
Indemnity fee amortisation	15,333	1,798
<b>Financial expenses</b>	<b>15,760</b>	<b>1,808</b>

### 4 Indemnity fees

Following the adoption of the cash recovery basis of accounting, as outlined in note 1, the unamortised fees were fully expensed on the basis that they were not expected to generate any recovery of cash

	2011 \$'000	2010 \$'000
Capitalised indemnity fees at 1 January	15,333	17,131
Less current period amortisation	(15,333)	(1,798)
<b>Capitalised indemnity fees at 31 December</b>	<b>-</b>	<b>15,333</b>
Of which		
Will be amortised within one year	-	3,435
Will be amortised later than one year and less than five years	-	11,898
<b>Capitalised indemnity fees at 31 December</b>	<b>-</b>	<b>15,333</b>

### 5 Financial liabilities

	2011 \$'000	2010 \$'000
Current loan	-	2,614
Non-current loan	17,136	16,887
<b>Loan payable</b>	<b>17,136</b>	<b>19,501</b>

### 6 Related party transactions

None of the directors or officers of the Partners received any fees or emoluments for services as directors or officers of the Partnership during the year

The Partnership made distributions to the Partners of \$2,000 (2010 \$19,791,000)

## Notes to the Financial Statements *(continued)*

### **7 Risk management**

#### **a) Credit risk**

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Partnership by failing to discharge an obligation. Financial instruments for the year comprised finance lease receivables, which were fully realised by year end. The Standard Chartered Group has policies and procedures in place to manage risk so the credit risk from amounts owed by group undertakings is not significant. Credit risk is further mitigated by an indemnification guarantee against certain unintended and adverse tax or operational consequences associated with the Partnership's activities.

#### **b) Liquidity risk**

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as funding decisions are within the control of the Partners.

#### **c) Foreign currency risk**

Foreign currency risk is the risk of a loss from assets or liabilities denoted in a foreign currency. All of the net assets of the Partnership are denominated in United States dollars ("USD").

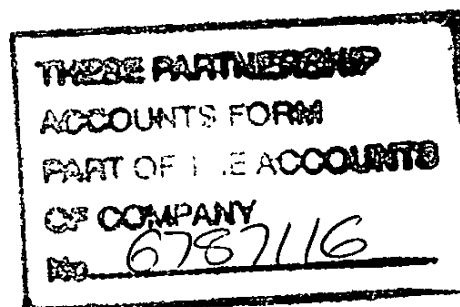
#### **d) Market risk**

Market risk is the exposure created by potential changes in market prices and rates. The Partnership is not exposed to any significant market risk as it has secured fixed rate finance lease rental income.

### **8 Ultimate holding company and parent undertaking of largest group of which the Partnership is a member**

The Partnership was formed in the UK under the Limited Partnerships Act 1907 on 14 June 2010. The results of the Partnership are not consolidated into the results of any other entity for accounting purposes. The Financial Statements of the Partnership are available to the public and may be obtained from their principal place of business located at 1 Basinghall Avenue, London, EC2V 5DD.

**THE BW LEASING PARTNERSHIP 2 LP**  
**General Partner's Report and Financial Statements**  
**For the year ended 31 December 2011**  
**Registered Number LP 13982**



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## Contents

	Page/(s)
General Partner's Report	3
Independent Auditors' Report to the members of The BW Leasing Partnership 2 LP	4
Income Statement	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-13

## General Partner's Report

The General Partner of The BW Leasing Partnership 2 LP (the Partnership), SC Transport Leasing 1 Ltd, submits the following report, in respect of the year ended 31 December 2011

### Statement of General Partner's responsibilities

The Limited Partnership Agreement of 14 June 2010 requires the General Partner to prepare Financial Statements for each financial period in accordance with the accounting policies set out in the Limited Partnership Agreement. In preparing these Financial Statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 Partnership will continue in business

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure the Financial Statements comply with the Limited Partnership Agreement. The General Partner is also responsible for safeguarding the assets of the Partnership and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Principal activities

Commentary on the business of the Partnership during the year is contained in the Business review. The results for the year are set out in the Income Statement on page 5.

During the year the Partnership's principal activity was operating a leasing trade. However, on 7 December 2011, the directors of the General Partner (the Directors) took the decision to cease trading in light of changed economic circumstances. As the Directors do not intend to acquire a replacement trade, they have not prepared the Financial Statements on a going concern basis. The effect of this is explained in note 1.

### Business review

In June 2011 the Partnership's ship finance lease, in which it was the lessor, was terminated. Outstanding lease receivables were accelerated and the ship was disposed of at market value. The Partnership received lease termination fees, and 0.01% of the ship sale proceeds were retained after allowing for a commission payable to the sales agent.

### Going concern

Having made appropriate enquiries, we consider that the Partnership has ceased trading and should therefore no longer adopt the going concern basis in preparing the Financial Statements.

### Disclosure of information to auditors

The Directors who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership'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 Partnership's auditors are aware of that information.

### Auditors

The General Partner has appointed KPMG Audit Plc as auditors of the Partnership. KPMG Audit Plc have indicated their willingness to continue in office.

*Averina M Snow*

Averina Snow  
Director  
SC Transport Leasing 1 Ltd  
Reg No 6787116

1 Basinghall Avenue  
London  
EC2V 5DD

27 September 2012

# Independent Auditor's Report to the members of the BW Leasing Partnership 2 LP

We have audited the Financial Statements of BW Leasing Partnership 2 LP for the year ended 31 December 2011 which comprise Income statement, Statement of Comprehensive income, Balance sheet, Statement of Changes in Equity, Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union ("EU"). These Financial Statements have not been prepared on a going concern basis for the reason set out in note 1.

This report is made solely to the partnership's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in this 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of partners and auditor

As explained more fully in the General Partner's report set out on page 3, the partnership's members are responsible for the preparation of the Financial Statements in accordance with the Partnership Agreement dated of 14 June 2010. 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

A description of the scope of an audit of Financial Statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## Opinion on Financial Statements

In our opinion the Financial Statements

- give a true and fair view of the state of the partnership's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU,
- have been prepared in accordance with the Partnership Agreement dated 14 June 2010

## Emphasis of matter – going concern

In forming our opinion on the Financial Statements, which is not modified we have considered the adequacy of the disclosure made in note 1 to the Financial Statements concerning the partnership's ability to continue as a going concern. The partnership incurred a net loss of \$15 million during the year ended 31 December 2011 and, at that date, the partnership's non-current liabilities exceeded its total assets by \$17.5 million. These conditions, along with the other matters explained in note 1 to the Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt about the partnership's ability to continue as a going concern.

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

We have nothing to report in relation to the following matters where, under the terms of our engagement, we are required to report to you if, in our opinion:

- the partners' report\* is not consistent with the Financial Statements,
- the partnership has not kept proper accounting records,
- we have not received all the information and explanations we require for our audit, or
- information specified by the Partnership Agreement regarding partners' remuneration and other transactions is not disclosed

**SAMER HIJAZI**

**Samer Hijazi (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
London  
27 September 2012

## Income Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Financial income	3	57	36
Financial expenses	3	(15,761)	(1,808)
<b>Loss for the year/ period</b>		<b>(15,704)</b>	<b>(1,772)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 \$'000	2010 \$'000
Loss for the year/ period	(15,704)	(1,772)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year/ period</b>	<b>(15,704)</b>	<b>(1,772)</b>

The notes on pages 10 to 13 form part of the Financial Statements

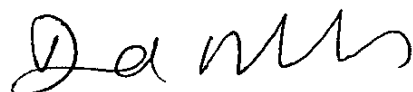
# Balance Sheet

as at 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Current assets</b>			
Finance lease receivable		-	506
Indemnification guarantee	4	-	3,435
Amounts due from group undertakings		2	-
		<b>2</b>	<b>3,941</b>
<b>Non-current assets</b>			
Finance lease receivable		-	1,859
Indemnification guarantee	4	-	11,898
		-	<b>13,757</b>
<b>Total assets</b>		<b>2</b>	<b>17,698</b>
<b>Current liabilities</b>			
Financial liabilities	5	-	2,614
		-	<b>2,614</b>
<b>Non-current liabilities</b>			
Financial liabilities	5	17,136	16,887
Interest payable		373	-
		<b>17,509</b>	<b>16,887</b>
<b>Total liabilities</b>		<b>17,509</b>	<b>19,501</b>
<b>Net assets</b>		<b>(17,507)</b>	<b>(1,803)</b>
<b>Equity</b>			
Partners' capital account		(17,507)	(1,803)
<b>Total equity</b>		<b>(17,507)</b>	<b>(1,803)</b>

The notes on pages 10 to 13 form part of the Financial Statements

These Financial Statements were approved at a meeting of the General Partner's Board of Directors on 27 September 2012 and were signed on their behalf by



**David Richards**  
Director  
SC Transport Leasing 1 Ltd  
Reg No 6787116

## Statement of Changes in Equity

for the year ended 31 December 2011

	Partnership capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 24 June 2010	19,779	(19)	19,760
Loss for the period	-	(1,772)	(1,772)
Total comprehensive income for the period	-	(1,772)	(1,772)
Distributions of Partnership capital	(19,791)	-	(19,791)
Total contributions by and distributions to Partners	(19,791)	-	(19,791)
<b>Balance at 31 December 2010</b>	<b>(12)</b>	<b>(1,791)</b>	<b>(1,803)</b>
Loss for the year	-	(15,704)	(15,704)
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	(15,704)	(15,704)
<b>Balance at 31 December 2011</b>	<b>(12)</b>	<b>(17,495)</b>	<b>(17,507)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Cash Flow Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(15,704)	(1,772)
Indemnity fee amortisation	4	15,333	1,798
Accrued interest		373	-
<b>Net cash generated from/ (used in) operating activities</b>		<b>2</b>	<b>26</b>
<b>Cash flows from investing activities</b>			
Finance lease rentals received		2,365	265
<b>Net cash generated from investing activities</b>		<b>2,365</b>	<b>265</b>
<b>Cash flows from financing activities</b>			
Capital distributions to Partners		-	(19)
Loans to Partners		(2)	-
Loan repayments to Partners		(2,365)	(272)
<b>Net cash used in financing activities</b>		<b>(2,367)</b>	<b>(291)</b>
<b>Net increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at 1 January		-	-
<b>Cash and cash equivalents at 31 December</b>		<b>-</b>	<b>-</b>

The notes on pages 10 to 13 form part of the Financial Statements

# Notes to the Financial Statements

for the year ended 31 December 2011

## 1 Principal accounting policies

The Partnership's Financial Statements have been prepared and approved by the General Partner in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs")

### Basis of preparation

The Financial Statements have been prepared on a cash recovery basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Financial Statements.

Following cessation of its leasing trade, management concluded that the Partnership is not likely to enter into any further trade in future. The Partnership will therefore no longer adopt the going concern basis of accounting and instead the Financial Statements have been prepared on a cash recovery basis in the current period, in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU').

At 31 December 2011, the Partnership had adopted all IFRSs and interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

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

### Reporting entity

The BW Leasing Partnership 2 LP is a Limited Partnership established in the United Kingdom. The address of the Partnership's principal place of business is 1 Basinghall Avenue, London, EC2V 5DD.

### Recently issued accounting pronouncements

The following pronouncements relevant and applicable to the Partnership were issued as at 31 December 2011 but have effective dates for periods beginning after 31 December 2011. The use of IFRSs and certain IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted. The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Partners, none of these pronouncements are expected to result in any material adjustments to the Financial Statements.

Pronouncement	Description of impact	Mandatory effective date for the Partnership
Amendment to IAS 12 – Deferred tax Recovery of underlying assets <sup>1 2</sup>	This amendment provides a practical approach for measuring deferred tax assets when it would be difficult and subjective to determine the expected manner of recovery.	1 January 2012
Amendment to IFRS 7 – Financial instruments disclosure <sup>1 2</sup>	Requires additional disclosures when an asset is transferred but is not derecognised. It also requires disclosures of assets that are derecognised but where the entity continues to have a continuing exposure to the asset after the sale.	1 January 2012
IFRS 9 – Financial Instruments <sup>1 2</sup>	IFRS 9 replaces certain elements of IAS 39 in respect of the classification and measurement of financial assets and financial liabilities. The standard requires all financial assets to be classified as fair value or amortised cost. Amortised cost classification is only permitted where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and where these contractual cash flows are solely payment of principal and interest. Gains or losses on assets measured at fair value are recognised in the income statement unless the asset is an equity investment and the Group has elected to present such gains or losses in other comprehensive income. Financial liabilities are required to be measured at fair value or amortised cost similar to IAS 39 requirements except that the change in fair value relating to own credit is reported within other comprehensive income and not the income statement.	1 January 2015

## Notes to the Financial Statements *(continued)*

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1 This IFRS or IFRIC Interpretation has not yet been endorsed by the EU

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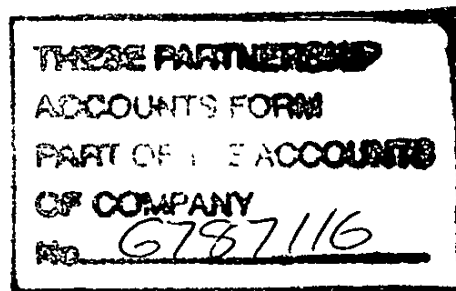
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**THE BW LEASING PARTNERSHIP 3 LP**  
**General Partner's Report and Financial Statements**  
**For the year ended 31 December 2011**  
**Registered Number LP 13981**



## Contents

### Page/(s)

General Partner's Report	3
Independent Auditors' Report to the members of The BW Leasing Partnership 3 LP	4
Income Statement	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-13

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- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Partnership will continue in business

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### Going concern

Having made appropriate enquiries, we consider that the Partnership has ceased trading and should therefore no longer adopt the going concern basis in preparing the Financial Statements.

### Disclosure of information to auditors

The Directors who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership'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 Partnership's auditors are aware of that information.

### Auditors

The General Partner has appointed KPMG Audit Plc as auditors of the Partnership. KPMG Audit Plc have indicated their willingness to continue in office.

*Averina A Snow*

Averina Snow  
Director  
SC Transport Leasing 1 Ltd  
Reg No 6787116

1 Basinghall Avenue  
London  
EC2V 5DD

27 September 2012

# **Independent Auditor's Report to the members of the BW Leasing Partnership 3 LP**

We have audited the Financial Statements of BW Leasing Partnership 3 LP for the year ended 31 December 2011 which comprise Income statement, Statement of Comprehensive income, Balance sheet, Statement of Changes in Equity, Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union ("EU"). These Financial Statements have not been prepared on a going concern basis for the reason set out in note 1.

This report is made solely to the partnership's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in this 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of partners and auditor**

As explained more fully in the General Partner's report set out on page 3, the partnership's members are responsible for the preparation of the Financial Statements in accordance with the Partnership Agreement dated of 14 June 2010. 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**

A description of the scope of an audit of Financial Statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## **Opinion on Financial Statements**

In our opinion the Financial Statements

- give a true and fair view of the state of the partnership's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU,
- have been prepared in accordance with the Partnership Agreement dated 14 June 2010

## **Emphasis of matter – going concern**

In forming our opinion on the Financial Statements, which is not modified we have considered the adequacy of the disclosure made in note 1 to the Financial Statements concerning the partnership's ability to continue as a going concern. The partnership incurred a net loss of \$15 million during the year ended 31 December 2011 and, at that date, the partnership's non-current liabilities exceeded its total assets by \$17.5 million. These conditions, along with the other matters explained in note 1 to the Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt about the partnership's ability to continue as a going concern.

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

We have nothing to report in relation to the following matters where, under the terms of our engagement, we are required to report to you if, in our opinion

- the partners' report\* is not consistent with the Financial Statements,
- the partnership has not kept proper accounting records
- we have not received all the information and explanations we require for our audit, or
- information specified by the Partnership Agreement regarding partners' remuneration and other transactions is not disclosed

**SAMER HIJAZI**

**Samer Hijazi (Senior Statutory Auditor)**  
**for and on behalf of KPMG Audit Plc, Statutory Auditor**  
*Chartered Accountants*  
London  
27 September 2012

## Income Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Financial income	3	57	36
Financial expenses	3	(15,791)	(1,811)
<b>Loss for the year/ period</b>		<b>(15,734)</b>	<b>(1,775)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 \$'000	2010 \$'000
Loss for the year/ period	(15,734)	(1,775)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year/ period</b>	<b>(15,734)</b>	<b>(1,775)</b>

The notes on pages 10 to 13 form part of the Financial Statements


## Balance Sheet

as at 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Current assets</b>			
Finance lease receivable		-	507
Indemnification guarantee	4	-	3,442
Amounts due from group undertakings		2	-
		<b>2</b>	<b>3,949</b>
<b>Non-current assets</b>			
Finance lease receivable		-	1,862
Indemnification guarantee	4	-	11,920
		-	<b>13,782</b>
<b>Total assets</b>		<b>2</b>	<b>17,731</b>
<b>Current liabilities</b>			
Financial liabilities	5	-	2,619
		-	<b>2,619</b>
<b>Non-current liabilities</b>			
Financial liabilities	5	17,168	16,919
Interest payable		375	-
		<b>17,543</b>	<b>16,919</b>
<b>Total liabilities</b>		<b>17,543</b>	<b>19,538</b>
<b>Net assets</b>		<b>(17,541)</b>	<b>(1,807)</b>
<b>Equity</b>			
Partners' capital account		(17,541)	(1,807)
<b>Total equity</b>		<b>(17,541)</b>	<b>(1,807)</b>

The notes on pages 10 to 13 form part of the Financial Statements

These Financial Statements were approved at a meeting of the General Partner's Board of Directors on 27 September 2012 and were signed on their behalf by



**David Richards**  
Director  
SC Transport Leasing 1 Ltd  
Reg No 6787116

## Statement of Changes in Equity

for the year ended 31 December 2011

	Partnership capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 24 June 2010	19,816	(19)	19,797
Loss for the period	-	(1,775)	(1,775)
Total comprehensive income for the period	-	(1,775)	(1,775)
Distributions of Partnership capital	(19,829)	-	(19,829)
Total contributions by and distributions to Partners	(19,829)	-	(19,829)
<b>Balance at 31 December 2010</b>	<b>(12)</b>	<b>(1,795)</b>	<b>(1,807)</b>
Loss for the year	-	(15,734)	(15,734)
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	(15,734)	(15,734)
<b>Balance at 31 December 2011</b>	<b>(12)</b>	<b>(17,529)</b>	<b>(17,541)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Cash Flow Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(15,734)	(1,775)
Indemnity fee amortisation	4	15,362	1,801
Accrued interest		375	-
<b>Net cash generated (used in)/ from operating activities</b>		<b>3</b>	<b>26</b>
<b>Cash flows from investing activities</b>			
Finance lease rentals received		2,370	265
<b>Net cash generated from investing activities</b>		<b>2,370</b>	<b>265</b>
<b>Cash flows from financing activities</b>			
Capital distributions to Partners		-	(19)
Loans to Partners		(2)	-
Loan repayments to Partners		(2,371)	(272)
<b>Net cash used in financing activities</b>		<b>(2,373)</b>	<b>(291)</b>
<b>Net increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at 1 January		-	-
<b>Cash and cash equivalents at 31 December</b>		<b>-</b>	<b>-</b>

The notes on pages 10 to 13 form part of the Financial Statements

# Notes to the Financial Statements

for the year ended 31 December 2011

## 1 Principal accounting policies

The Partnership's Financial Statements have been prepared and approved by the General Partner in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs")

### Basis of preparation

The Financial Statements have been prepared on a cash recovery basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Financial Statements.

Following cessation of its leasing trade, management concluded that the Partnership is not likely to enter into any further trade in future. The Partnership will therefore no longer adopt the going concern basis of accounting and instead the Financial Statements have been prepared on a cash recovery basis in the current period, in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU').

At 31 December 2011, the Partnership had adopted all IFRSs and interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

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

### Reporting entity

The BW Leasing Partnership 3 LP is a Limited Partnership established in the United Kingdom. The address of the Partnership's principal place of business is 1 Basinghall Avenue, London, EC2V 5DD.

### Recently issued accounting pronouncements

The following pronouncements relevant and applicable to the Partnership were issued as at 31 December 2011 but have effective dates for periods beginning after 31 December 2011. The use of IFRSs and certain IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted. The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Partners, none of these pronouncements are expected to result in any material adjustments to the Financial Statements.

Pronouncement	Description of impact	Mandatory effective date for the Partnership
Amendment to IAS 12 – Deferred tax Recovery of underlying assets <sup>1,2</sup>	This amendment provides a practical approach for measuring deferred tax assets when it would be difficult and subjective to determine the expected manner of recovery.	1 January 2012
Amendment to IFRS 7 – Financial instruments disclosure <sup>1,2</sup>	Requires additional disclosures when an asset is transferred but is not derecognised. It also requires disclosures of assets that are derecognised but where the entity continues to have a continuing exposure to the asset after the sale.	1 January 2012
IFRS 9 – Financial Instruments <sup>1,2</sup>	IFRS 9 replaces certain elements of IAS 39 in respect of the classification and measurement of financial assets and financial liabilities. The standard requires all financial assets to be classified as fair value or amortised cost. Amortised cost classification is only permitted where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and where these contractual cash flows are solely payment of principal and interest. Gains or losses on assets measured at fair value are recognised in the income statement unless the asset is an equity investment and the Group has elected to present such gains or losses in other comprehensive income. Financial liabilities are required to be measured at fair value or amortised cost similar to IAS 39 requirements except that the change in fair value relating to own credit is reported within other comprehensive income and not the income statement.	1 January 2015

## Notes to the Financial Statements *(continued)*

### 1 Principal accounting policies *(continued)*

#### Recently issued accounting pronouncements *(continued)*

- 1 This IFRS or IFRIC Interpretation has not yet been endorsed by the EU
- 2 Subject to endorsement of the European Union the Group has not yet made a final decision as to whether it will apply in the 2012 Financial Statements those pronouncements marked in the table above

#### Functional currency

The Financial Statements are presented in United States Dollars ("\$"), which is the Partnership's functional and presentation currency. 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. Except where otherwise indicated, financial information presented in US Dollars has been rounded to the nearest thousand.

#### Finance leases

When assets are leased to customers under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is then recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return ignoring tax cash flows.

#### 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 cash and balances at central banks (unless restricted), treasury bills and other eligible bills, loans and advances to banks, short-term government securities and inter group balances.

#### Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### Interest income and expense

Interest income and expense are 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 Partnership estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points 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.

## Notes to the Financial Statements *(continued)*

### 2 Auditor's remuneration

The auditor's remuneration of \$6,000 for the year ended 31 December 2011 (31 December 2010 \$6,000) was borne by Standard Chartered Bank

### 3 Financial income and expense

	2011 \$'000	2010 \$'000
Interest income	37	36
Termination fee income	20	-
<b>Financial income</b>	<b>57</b>	<b>36</b>
Interest expense	429	10
Indemnity fee amortisation	15,362	1,801
<b>Financial expenses</b>	<b>15,791</b>	<b>1,811</b>

### 4 Indemnity fees

Following the adoption of the cash recovery basis of accounting, as outlined in note 1, the unamortised fees were fully expensed on the basis that they were not expected to generate any recovery of cash

	2011 \$'000	2010 \$'000
Capitalised indemnity fees at 1 January	15,362	17,163
Less current period amortisation	(15,362)	(1,801)
<b>Capitalised indemnity fees at 31 December</b>	<b>-</b>	<b>15,362</b>
Of which		
Will be amortised within one year	-	3,442
Will be amortised later than one year and less than five years	-	11,920
<b>Capitalised indemnity fees at 31 December</b>	<b>-</b>	<b>15,362</b>

### 5 Financial liabilities

	2011 \$'000	2010 \$'000
Current loan	-	2,619
Non-current loan	17,168	16,919
<b>Loan payable</b>	<b>17,168</b>	<b>19,538</b>

### 6 Related party transactions

None of the directors or officers of the Partners received any fees or emoluments for services as directors or officers of the Partnership during the year

The Partnership made distributions to the Partners of \$2,000 (2010 \$19,829,000)

## Notes to the Financial Statements *(continued)*

### **7 Risk management**

#### **a) Credit risk**

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Partnership by failing to discharge an obligation. Financial instruments for the year comprised finance lease receivables, which were fully realised by year end. The Standard Chartered Group has policies and procedures in place to manage risk so the credit risk from amounts owed by group undertakings is not significant. Credit risk is further mitigated by an indemnification guarantee against certain unintended and adverse tax or operational consequences associated with the Partnership's activities.

#### **b) Liquidity risk**

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as funding decisions are within the control of the Partners.

#### **c) Foreign currency risk**

Foreign currency risk is the risk of a loss from assets or liabilities denoted in a foreign currency. All of the net assets of the Partnership are denominated in United States dollars ("USD").

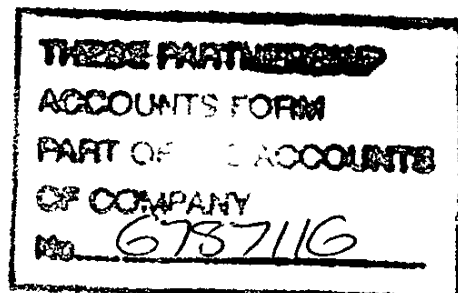
#### **d) Market risk**

Market risk is the exposure created by potential changes in market prices and rates. The Partnership is not exposed to any significant market risk as it has secured fixed rate finance lease rental income.

### **8 Ultimate holding company and parent undertaking of largest group of which the Partnership is a member**

The Partnership was formed in the UK under the Limited Partnerships Act 1907 on 14 June 2010. The results of the Partnership are not consolidated into the results of any other entity for accounting purposes. The Financial Statements of the Partnership are available to the public and may be obtained from their principal place of business located at 1 Basinghall Avenue, London, EC2V 5DD.

**THE BW LEASING PARTNERSHIP 4 LP**  
**General Partner's Report and Financial Statements**  
**For the year ended 31 December 2011**  
**Registered Number LP 13980**



## Contents

	<b>Page/(s)</b>
General Partner's Report	3
Independent Auditors' Report to the members of The BW Leasing Partnership 4 LP	4
Income Statement	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-13

## General Partner's Report

The General Partner of The BW Leasing Partnership 4 LP (the Partnership), SC Transport Leasing 1 Ltd, submits the following report, in respect of the year ended 31 December 2011

### Statement of General Partner's responsibilities

The Limited Partnership Agreement of 14 June 2010 requires the General Partner to prepare Financial Statements for each financial period in accordance with the accounting policies set out in the Limited Partnership Agreement. In preparing these Financial Statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 Partnership will continue in business

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure the Financial Statements comply with the Limited Partnership Agreement. The General Partner is also responsible for safeguarding the assets of the Partnership and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Principal activities

Commentary on the business of the Partnership during the year is contained in the Business review. The results for the year are set out in the Income Statement on page 5.

During the year the Partnership's principal activity was operating a leasing trade. However, on 7 December 2011, the directors of the General Partner (the Directors) took the decision to cease trading in light of changed economic circumstances. As the Directors do not intend to acquire a replacement trade, they have not prepared the Financial Statements on a going concern basis. The effect of this is explained in note 1.

### Business review

In June 2011 the Partnership's ship finance lease, in which it was the lessor, was terminated. Outstanding lease receivables were accelerated and the ship was disposed of at market value. The Partnership received lease termination fees, and 0.01% of the ship sale proceeds were retained after allowing for a commission payable to the sales agent.

### Going concern

Having made appropriate enquiries, we consider that the Partnership has ceased trading and should therefore no longer adopt the going concern basis in preparing the Financial Statements.

### Disclosure of information to auditors

The Directors who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership'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 Partnership's auditors are aware of that information.

### Auditors

The General Partner has appointed KPMG Audit Plc as auditors of the Partnership. KPMG Audit Plc have indicated their willingness to continue in office.

*Averina A Snow*

**Averina Snow**  
Director  
SC Transport Leasing 1 Ltd  
Reg No 6787116

1 Basinghall Avenue  
London  
EC2V 5DD

27 September 2012

# **Independent Auditor's Report to the members of the BW Leasing Partnership 4 LP**

We have audited the Financial Statements of BW Leasing Partnership 4 LP for the year ended 31 December 2011 which comprise Income statement, Statement of Comprehensive income, Balance sheet, Statement of Changes in Equity, Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union ("EU"). These Financial Statements have not been prepared on a going concern basis for the reason set out in note 1.

This report is made solely to the partnership's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in this 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of partners and auditor**

As explained more fully in the General Partner's report set out on page 3, the partnership's members are responsible for the preparation of the Financial Statements in accordance with the Partnership Agreement dated of 14 June 2010. 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**

A description of the scope of an audit of Financial Statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## **Opinion on Financial Statements**

In our opinion the Financial Statements

- give a true and fair view of the state of the partnership's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU,
- have been prepared in accordance with the Partnership Agreement dated 14 June 2010

## **Emphasis of matter – going concern**

In forming our opinion on the Financial Statements, which is not modified we have considered the adequacy of the disclosure made in note 1 to the Financial Statements concerning the partnership's ability to continue as a going concern. The partnership incurred a net loss of \$15 million during the year ended 31 December 2011 and, at that date, the partnership's non-current liabilities exceeded its total assets by \$17.5 million. These conditions, along with the other matters explained in note 1 to the Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt about the partnership's ability to continue as a going concern.

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

We have nothing to report in relation to the following matters where, under the terms of our engagement, we are required to report to you if, in our opinion:

- the partners' report\* is not consistent with the Financial Statements,
- the partnership has not kept proper accounting records,
- we have not received all the information and explanations we require for our audit, or
- information specified by the Partnership Agreement regarding partners' remuneration and other transactions is not disclosed

**SAMER HIJAZI**

**Samer Hijazi (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
London  
27 September 2012

## Income Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Financial income	3	57	36
Financial expenses	3	(15,821)	(1,815)
<b>Loss for the year/ period</b>		<b>(15,764)</b>	<b>(1,779)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 \$'000	2010 \$'000
Loss for the year/ period	(15,764)	(1,779)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year/ period</b>	<b>(15,764)</b>	<b>(1,779)</b>

The notes on pages 10 to 13 form part of the Financial Statements

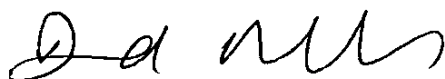
## Balance Sheet

as at 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Current assets</b>			
Finance lease receivable		-	508
Indemnification guarantee	4	-	3,449
Amounts due from group undertakings		2	-
		<b>2</b>	<b>3,957</b>
<b>Non-current assets</b>			
Finance lease receivable		-	1,866
Indemnification guarantee	4	-	11,942
		-	<b>13,808</b>
<b>Total assets</b>		<b>2</b>	<b>17,765</b>
<b>Current liabilities</b>			
Financial liabilities	5	-	2,624
		-	<b>2,624</b>
<b>Non-current liabilities</b>			
Financial liabilities	5	17,201	16,951
Interest payable		375	-
		<b>17,576</b>	<b>16,951</b>
<b>Total liabilities</b>		<b>17,576</b>	<b>19,575</b>
<b>Net assets</b>		<b>(17,574)</b>	<b>(1,810)</b>
<b>Equity</b>			
Partners' capital account		(17,574)	(1,810)
<b>Total equity</b>		<b>(17,574)</b>	<b>(1,810)</b>

The notes on pages 10 to 13 form part of the Financial Statements

These Financial Statements were approved at a meeting of the General Partner's Board of Directors on 27 September 2012 and were signed on their behalf by



**David Richards**  
Director  
SC Transport Leasing 1 Ltd  
Reg No 6787116

## Statement of Changes in Equity

for the year ended 31 December 2011

	Partnership capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 24 June 2010	19,854	(19)	19,835
Loss for the period	-	(1,779)	(1,779)
Total comprehensive income for the period	-	(1,779)	(1,779)
Distributions of Partnership capital	(19,866)	-	(19,866)
Total contributions by and distributions to Partners	(19,866)	-	(19,866)
<b>Balance at 31 December 2010</b>	<b>(12)</b>	<b>(1,798)</b>	<b>(1,810)</b>
Loss for the year	-	(15,764)	(15,764)
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	(15,764)	(15,764)
<b>Balance at 31 December 2010</b>	<b>(12)</b>	<b>(17,562)</b>	<b>(17,574)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Cash Flow Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(15,764)	(1,779)
Indemnity fee amortisation	4	15,391	1,805
Accrued interest		375	-
<b>Net cash generated (used in)/ from operating activities</b>		<b>2</b>	<b>26</b>
<b>Cash flows from investing activities</b>			
Finance lease rentals received		2,374	266
<b>Net cash generated from investing activities</b>		<b>2,374</b>	<b>266</b>
<b>Cash flows from financing activities</b>			
Capital distributions to Partners			(19)
Loans to Partners		(2)	-
Loan repayments to Partners		(2,374)	(273)
<b>Net cash used in financing activities</b>		<b>(2,376)</b>	<b>(292)</b>
<b>Net increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at 1 January		-	-
<b>Cash and cash equivalents at 31 December</b>		<b>-</b>	<b>-</b>

The notes on pages 10 to 13 form part of the Financial Statements

# Notes to the Financial Statements

for the year ended 31 December 2011

## 1 Principal accounting policies

The Partnership's Financial Statements have been prepared and approved by the General Partner in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs")

### Basis of preparation

The Financial Statements have been prepared on a cash recovery basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Financial Statements.

Following cessation of its leasing trade, management concluded that the Partnership is not likely to enter into any further trade in future. The Partnership will therefore no longer adopt the going concern basis of accounting and instead the Financial Statements have been prepared on a cash recovery basis in the current period, in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU').

At 31 December 2011, the Partnership had adopted all IFRSs and interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. The accounting policies set out below have been applied consistently to all periods presented in these Financial Statements.

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

### Reporting entity

The BW Leasing Partnership 4 LP is a Limited Partnership established in the United Kingdom. The address of the Partnership's principal place of business is 1 Basinghall Avenue, London, EC2V 5DD.

### Recently issued accounting pronouncements

The following pronouncements relevant and applicable to the Partnership were issued as at 31 December 2011 but have effective dates for periods beginning after 31 December 2011. The use of IFRSs and certain IFRIC Interpretations that have yet to be endorsed by the European Union is not permitted. The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Partners, none of these pronouncements are expected to result in any material adjustments to the Financial Statements.

Pronouncement	Description of impact	Mandatory effective date for the Partnership
Amendment to IAS 12 – Deferred tax Recovery of underlying assets <sup>1 2</sup>	This amendment provides a practical approach for measuring deferred tax assets when it would be difficult and subjective to determine the expected manner of recovery.	1 January 2012
Amendment to IFRS 7 – Financial instruments disclosure <sup>1 2</sup>	Requires additional disclosures when an asset is transferred but is not derecognised. It also requires disclosures of assets that are derecognised but where the entity continues to have a continuing exposure to the asset after the sale.	1 January 2012
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## Notes to the Financial Statements *(continued)*

### 1 Principal accounting policies *(continued)*

#### Recently issued accounting pronouncements *(continued)*

- 1 This IFRS or IFRIC Interpretation has not yet been endorsed by the EU
- 2 Subject to endorsement of the European Union the Group has not yet made a final decision as to whether it will apply in the 2012 Financial Statements those pronouncements marked in the table above

#### Functional currency

The Financial Statements are presented in United States Dollars ("\$"), which is the Partnership's functional and presentation currency. 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. Except where otherwise indicated, financial information presented in US Dollars has been rounded to the nearest thousand.

#### Finance leases

When assets are leased to customers under finance leases, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is then recognised over the term of the lease using the net investment method (before tax), which reflects a constant periodic rate of return ignoring tax cash flows.

#### 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 cash and balances at central banks (unless restricted), treasury bills and other eligible bills, loans and advances to banks, short-term government securities and inter group balances.

#### Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

#### Interest income and expense

Interest income and expense are 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 Partnership estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points 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.

## Notes to the Financial Statements *(continued)*

### 2 Auditor's remuneration

The auditor's remuneration of \$6,000 for the year ended 31 December 2011 (31 December 2010 \$6,000) was borne by Standard Chartered Bank

### 3 Financial income and expense

	2011 \$'000	2010 \$'000
Interest income	37	36
Termination fee income	20	-
<b>Financial income</b>	<b>57</b>	<b>36</b>
Interest expense	430	10
Indemnity fee amortisation	15,391	1,805
<b>Financial expenses</b>	<b>15,821</b>	<b>1,815</b>

### 4 Indemnity fees

Following the adoption of the cash recovery basis of accounting, as outlined in note 1, the unamortised fees were fully expensed on the basis that they were not expected to generate any recovery of cash

	2011 \$'000	2010 \$'000
Capitalised indemnity fees at 1 January	15,391	17,196
Less current period amortisation	(15,391)	(1,805)
<b>Capitalised indemnity fees at 31 December</b>	<b>-</b>	<b>15,391</b>
Of which		
Will be amortised within one year	-	3,449
Will be amortised later than one year and less than five years	-	11,942
<b>Capitalised indemnity fees at 31 December</b>	<b>-</b>	<b>15,391</b>

### 5 Financial liabilities

	2011 \$'000	2010 \$'000
Current loan	-	2,624
Non-current loan	17,201	16,951
<b>Loan payable</b>	<b>17,201</b>	<b>19,575</b>

### 6 Related party transactions

None of the directors or officers of the Partners received any fees or emoluments for services as directors or officers of the Partnership during the year

The Partnership made distributions to the Partners of \$2,000 (2010 \$19,866,000)

## Notes to the Financial Statements *(continued)*

### **7 Risk management**

#### **a) Credit risk**

Credit risk is the risk that counterparty to a financial instrument will cause a financial loss for the Partnership by failing to discharge an obligation. Financial instruments for the year comprised finance lease receivables, which were fully realised by year end. The Standard Chartered Group has policies and procedures in place to manage risk so the credit risk from amounts owed by group undertakings is not significant. Credit risk is further mitigated by an indemnification guarantee against certain unintended and adverse tax or operational consequences associated with the Partnership's activities.

#### **b) Liquidity risk**

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. Liquidity risk is mitigated as funding decisions are within the control of the Partners.

#### **c) Foreign currency risk**

Foreign currency risk is the risk of a loss from assets or liabilities denoted in a foreign currency. All of the net assets of the Partnership are denominated in United States dollars ("USD").

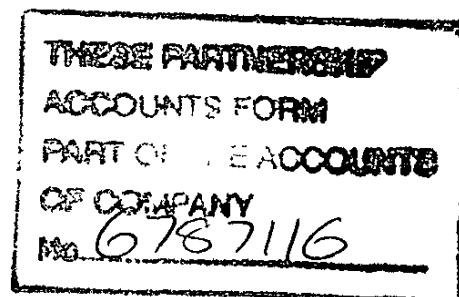
#### **d) Market risk**

Market risk is the exposure created by potential changes in market prices and rates. The Partnership is not exposed to any significant market risk as it has secured fixed rate finance lease rental income.

### **8 Ultimate holding company and parent undertaking of largest group of which the Partnership is a member**

The Partnership was formed in the UK under the Limited Partnerships Act 1907 on 14 June 2010. The results of the Partnership are not consolidated into the results of any other entity for accounting purposes. The Financial Statements of the Partnership are available to the public and may be obtained from their principal place of business located at 1 Basinghall Avenue, London, EC2V 5DD.

**THE BW LEASING PARTNERSHIP 5 LP**  
**General Partner's Report and Financial Statements**  
**For the year ended 31 December 2011**  
**Registered Number LP 13979**



## Contents

### Page/(s)

General Partner's Report	3
Independent Auditors' Report to the members of The BW Leasing Partnership 5 LP	4
Income Statement	5
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10-13

## General Partner's Report

The General Partner of The BW Leasing Partnership 5 LP (the Partnership), SC Transport Leasing 1 Ltd, submits the following report, in respect of the year ended 31 December 2011

### Statement of General Partner's responsibilities

The Limited Partnership Agreement of 14 June 2010 requires the General Partner to prepare Financial Statements for each financial period in accordance with the accounting policies set out in the Limited Partnership Agreement. In preparing these Financial Statements, the General Partner is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 Partnership will continue in business

The General Partner is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Partnership and to enable it to ensure the Financial Statements comply with the Limited Partnership Agreement. The General Partner is also responsible for safeguarding the assets of the Partnership and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Principal activities

Commentary on the business of the Partnership during the year is contained in the Business review. The results for the year are set out in the Income Statement on page 5.

During the year the Partnership's principal activity was operating a leasing trade. However, on 7 December 2011, the directors of the General Partner (the Directors) took the decision to cease trading in light of changed economic circumstances. As the Directors do not intend to acquire a replacement trade, they have not prepared the Financial Statements on a going concern basis. The effect of this is explained in note 1.

### Business review

In June 2011 the Partnership's ship finance lease, in which it was the lessor, was terminated. Outstanding lease receivables were accelerated and the ship was disposed of at market value. The Partnership received lease termination fees, and 0.01% of the ship sale proceeds were retained after allowing for a commission payable to the sales agent.

### Going concern

Having made appropriate enquiries, we consider that the Partnership has ceased trading and should therefore no longer adopt the going concern basis in preparing the Financial Statements.

### Disclosure of information to auditors

The Directors who held office at the date of approval of this General Partner's Report confirm that, so far as they are each aware, there is no relevant audit information of which the Partnership'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 Partnership's auditors are aware of that information.

### Auditors

The General Partner has appointed KPMG Audit Plc as auditors of the Partnership. KPMG Audit Plc have indicated their willingness to continue in office.

*Averna A Snow*

Averna Snow  
Director  
SC Transport Leasing 1 Ltd  
Reg No 6787116

1 Basinghall Avenue  
London  
EC2V 5DD

27 September 2012

# **Independent Auditor's Report to the members of the BW Leasing Partnership 5 LP**

We have audited the Financial Statements of BW Leasing Partnership 5 LP for the year ended 31 December 2011 which comprise Income statement, Statement of Comprehensive income, Balance sheet, Statement of Changes in Equity, Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union ("EU"). These Financial Statements have not been prepared on a going concern basis for the reason set out in note 1.

This report is made solely to the partnership's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the partnership's members those matters we are required to state to them in this 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 partnership and the partnership's members, as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective responsibilities of partners and auditor**

As explained more fully in the General Partner's report set out on page 3, the partnership's members are responsible for the preparation of the Financial Statements in accordance with the Partnership Agreement dated 14 June 2010. 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**

A description of the scope of an audit of Financial Statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## **Opinion on Financial Statements**

In our opinion the Financial Statements

- give a true and fair view of the state of the partnership's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU,
- have been prepared in accordance with the Partnership Agreement dated 14 June 2010

## **Emphasis of matter – going concern**

In forming our opinion on the Financial Statements, which is not modified we have considered the adequacy of the disclosure made in note 1 to the Financial Statements concerning the partnership's ability to continue as a going concern. The partnership incurred a net loss of \$15 million during the year ended 31 December 2011 and, at that date, the partnership's non-current liabilities exceeded its total assets by \$17.5 million. These conditions, along with the other matters explained in note 1 to the Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt about the partnership's ability to continue as a going concern.

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

We have nothing to report in relation to the following matters where, under the terms of our engagement, we are required to report to you if, in our opinion:

- the partners' report\* is not consistent with the Financial Statements,
- the partnership has not kept proper accounting records
- we have not received all the information and explanations we require for our audit, or
- information specified by the Partnership Agreement regarding partners' remuneration and other transactions is not disclosed

**SAMER HIJAZI**

**Samer Hijazi (Senior Statutory Auditor)**  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants  
London  
27 September 2012

## Income Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
Financial income	3	57	36
Financial expenses	3	(15,850)	(1,818)
<b>Loss for the year/ period</b>		<b>(15,793)</b>	<b>(1,782)</b>

The notes on pages 10 to 13 form part of the Financial Statements

## Statement of Comprehensive Income

for the year ended 31 December 2011

	2011 \$'000	2010 \$'000
Loss for the year/ period	(15,793)	(1,782)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year/ period</b>	<b>(15,793)</b>	<b>(1,782)</b>

The notes on pages 10 to 13 form part of the Financial Statements


## Balance Sheet

as at 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Current assets</b>			
Finance lease receivable		-	509
Indemnification guarantee	4	-	3,455
Amounts due from group undertakings		2	-
		<b>2</b>	<b>3,964</b>
<b>Non-current assets</b>			
Finance lease receivable		-	1,869
Indemnification guarantee	4	-	11,964
		-	<b>13,833</b>
<b>Total assets</b>		<b>2</b>	<b>17,797</b>
<b>Current liabilities</b>			
Financial liabilities	5	-	2,628
		-	<b>2,628</b>
<b>Non-current liabilities</b>			
Financial liabilities	5	17,233	16,983
Interest payable		376	-
		<b>17,609</b>	<b>16,983</b>
<b>Total liabilities</b>		<b>17,609</b>	<b>19,611</b>
<b>Net assets</b>		<b>(17,607)</b>	<b>(1,814)</b>
<b>Equity</b>			
Partners' capital account		(17,607)	(1,814)
<b>Total equity</b>		<b>(17,607)</b>	<b>(1,814)</b>

The notes on pages 10 to 13 form part of the Financial Statements

These Financial Statements were approved at a meeting of the General Partner's Board of Directors on 27 September 2012 and were signed on their behalf by



**David Richards**  
Director  
SC Transport Leasing 1 Ltd  
Reg No 6787116

## Statement of Changes in Equity

for the year ended 31 December 2011

	Partnership capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 24 June 2010	19,891	(19)	19,872
Loss for the period	-	(1,782)	(1,782)
Total comprehensive income for the period	-	(1,782)	(1,782)
Distributions of Partnership capital	(19,904)	-	(19,904)
Total contributions by and distributions to Partners	(19,904)	-	(19,904)
<b>Balance at 31 December 2010</b>	<b>(13)</b>	<b>(1,801)</b>	<b>(1,814)</b>
Loss for the year	-	(15,793)	(15,793)
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	(15,793)	(15,793)
<b>Balance at 31 December 2010</b>	<b>(13)</b>	<b>(17,594)</b>	<b>(17,607)</b>

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## Cash Flow Statement

for the year ended 31 December 2011

	Note	2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>			
Loss before tax		(15,793)	(1,782)
Indemnity fee amortisation	4	15,419	1,808
Accrued interest		376	-
<b>Net cash generated (used in)/ from operating activities</b>		<b>2</b>	<b>26</b>
<b>Cash flows from investing activities</b>			
Finance lease rentals received		2,378	266
<b>Net cash generated from investing activities</b>		<b>2,378</b>	<b>266</b>
<b>Cash flows from financing activities</b>			
Capital distributions to Partners			(19)
Loans to Partners		(2)	-
Loan repayments to Partners		(2,378)	(273)
<b>Net cash used in financing activities</b>		<b>(2,380)</b>	<b>(292)</b>
<b>Net increase in cash and cash equivalents</b>		<b>-</b>	<b>-</b>
Cash and cash equivalents at 1 January		-	-
<b>Cash and cash equivalents at 31 December</b>		<b>-</b>	<b>-</b>

The notes on pages 10 to 13 form part of the Financial Statements

# Notes to the Financial Statements

for the year ended 31 December 2011

## 1 Principal accounting policies

The Partnership's Financial Statements have been prepared and approved by the General Partner in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRSs")

### Basis of preparation

The Financial Statements have been prepared on a cash recovery basis. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the Financial Statements.

Following cessation of its leasing trade, management concluded that the Partnership is not likely to enter into any further trade in future. The Partnership will therefore no longer adopt the going concern basis of accounting and instead the Financial Statements have been prepared on a cash recovery basis in the current period, in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union ('EU').

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IFRS 9 – Financial Instruments <sup>1 2</sup>	IFRS 9 replaces certain elements of IAS 39 in respect of the classification and measurement of financial assets and financial liabilities. The standard requires all financial assets to be classified as fair value or amortised cost. Amortised cost classification is only permitted where the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and where these contractual cash flows are solely payment of principal and interest. Gains or losses on assets measured at fair value are recognised in the income statement unless the asset is an equity investment and the Group has elected to present such gains or losses in other comprehensive income. Financial liabilities are required to be measured at fair value or amortised cost similar to IAS 39 requirements except that the change in fair value relating to own credit is reported within other comprehensive income and not the income statement.	1 January 2015

## Notes to the Financial Statements *(continued)*

### 1 Principal accounting policies *(continued)*

#### Recently issued accounting pronouncements *(continued)*

- 1 This IFRS or IFRIC Interpretation has not yet been endorsed by the EU
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#### Cash and cash equivalents

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<b>Financial expenses</b>	<b>15,850</b>	<b>1,818</b>

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Capitalised indemnity fees at 1 January	15,419	17,227
Less current period amortisation	(15,419)	(1,808)
<b>Capitalised indemnity fees at 31 December</b>	<b>-</b>	<b>15,419</b>
Of which		
Will be amortised within one year	-	3,455
Will be amortised later than one year and less than five years	-	11,964
<b>Capitalised indemnity fees at 31 December</b>	<b>-</b>	<b>15,419</b>

### 5 Financial liabilities

	2011 \$'000	2010 \$'000
Current loan	-	2,628
Non-current loan	17,233	16,983
<b>Loan payable</b>	<b>17,233</b>	<b>19,611</b>

### 6 Related party transactions

None of the directors or officers of the Partners received any fees or emoluments for services as directors or officers of the Partnership during the year

The Partnership made distributions to the Partners of \$2,000 (2010 \$19,904,000)

## Notes to the Financial Statements *(continued)*

### **7 Risk management**

#### **a) Credit risk**

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