

**HSBC Actuaries and Consultants Limited**

**Directors' Report and**

**Consolidated Financial Statements**

**31st December 2004**

**(Registered Number: 676122)**



**HSBC Actuaries and Consultants Limited****Report of the Directors for the Year Ended 31 December 2004****Principal Activities**

The principal activities of the Company and Group are financial management services, in particular pensions consultancy. No change in the Company and Group's activities is anticipated.

**Results and Dividends**

The Group's results for the year under review are as detailed in the profit and loss account shown in these accounts, on page 6.

The Directors recommend the payment of a dividend in respect of the year ended 31 December 2004 of £1,800,000 (2003: nil).

**Business Review**

The Company and Group's results were satisfactory.

**Directors**

The Directors who served during the year were as follows:-

## Name

A M M Dixon (Chairman)  
A S Fishman (Chief Executive)  
J A C Bonnett  
D E Clare  
D A Clow  
T Kemp  
D Lackenby  
R A R Mattingly  
A Meikle  
D G Parker  
M J Paul

## HSBC Actuaries and Consultants Limited

## Report of the Directors for the Year Ended 31st December 2004

## Directors' interests

All the directors' interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, required to be disclosed under the Companies Act 1985, are set out below, with the exception of those of A M M Dixon whose interests are disclosed in the accounts of HSBC Insurance Holdings Limited.

HSBC Holdings plc		
Ordinary Shares of US\$0.50 each		
	1 January 2004	31 December 2004
A S Fishman (Chief Executive)	661	960
J A C Bonnett	6,274	7,973
D E Clare	3,284	4,844
D A Clow	2,031	5,210
T Kemp	9,716	11,147
D Lackenby	8,270	9,880
R A R Mattingly	5	5
A Meikle	9,269	8,821
D G Parker	3,453	3,758
M J Paul	10,069	10,467

During the year options over HSBC Holdings plc ordinary shares of US\$0.50 each were granted/exercised as follows:

Ordinary Shares of US\$0.50 each		
	Granted	Exercised
A S Fishman (Chief Executive)	5,000	-
J A C Bonnett	-	1,434
D E Clare	1,332	1,250
D A Clow	2,515	6,579
T Kemp	-	1,250
D Lackenby	1,510	1,250
R A R Mattingly	2,206	1,823
A Meikle	750	-
D G Parker	750	-
M J Paul	2,515	1,875

The terms of a number of Employee Benefit Trusts provide that all employees of HSBC Holdings plc and any of its subsidiary undertakings are potential beneficiaries of the Trusts. As potential beneficiaries of the Trusts, each Director of the Company is deemed to have a technical interest in all of the HSBC Holdings plc ordinary shares of US\$0.50 each held by the Trusts. At 31 December 2004 the Trusts held a total of 123,108,967 ordinary shares of US\$0.50 each (1 January 2004: 110,770,974).

**HSBC Actuaries and Consultants Limited****Report of the Directors for the Year Ended 31st December 2004****Employment of disabled persons**

The Company and Group are committed to providing equal opportunities to employees. The employment of disabled persons is included in this commitment and the recruitment, training, career development and promotion of disabled persons is based on the aptitudes and abilities of the individual. Should employees become disabled during employment, every effort would be made to continue their employment and, if necessary, appropriate training would be provided.

**Employment policy**

The Company and Group continue to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the Company and Group's performance through management channels, regular newsletters and by way of attendance at internal seminars. Employees are encouraged to discuss operational and strategic issues with their line manager and to make suggestions aimed at improving performance. All staff participate in bonus schemes which are, in part, based on the performance of the Company and Group.

**Supplier payment policy**

The Company and Group subscribe to the Better Payment Practice Code, the four principles of which are: to agree payment terms at the outset and stick to them; to explain payment procedures to suppliers; to pay bills in accordance with any contract agreed with the supplier or as required by law; and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code is available from: The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

The amount due to the Company and Group's trade creditors at 31 December 2004 represented 30 days (2003: 30 days) average daily purchases of goods and services received from those creditors, calculated in accordance with the Companies Act 1985, as amended by Statutory Instruments 1997/571.

**Statement of directors' responsibilities in relation to financial statements**

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out in their report on page 5, is made with a view to distinguishing for the shareholder the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss for the financial year. The directors are required to prepare these financial statements on the going concern basis unless it is not appropriate. Since the directors are satisfied that the Company and Group has the resources to continue in business for the foreseeable future, the financial statements continue to be prepared on the going concern basis.

The directors consider that in preparing the financial statements, the Company and Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

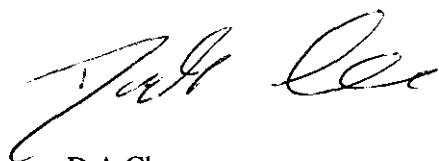
**HSBC Actuaries and Consultants Limited**

**Report of the Directors for the Year Ended 31st December 2004**

**Statement of directors' responsibilities in relation to financial statements (cont'd)**

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

By order of the Board



D A Clow  
Director  
22 February 2005

Registered office:  
8 Canada Square  
London  
E14 5HQ

**Independent Auditor's Report to the Members of****HSBC Actuaries and Consultants Limited**

We have audited the financial statements on pages 6 to 19.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and auditors**

The Directors are responsible for preparing the Directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as Independent Auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the Group is not disclosed.

**Basis of Audit Opinion**

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

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
**Chartered Accountants**  
**Registered Auditor**  
**Date: 22 February 2005**

**Aquis Court**  
**31 Fishpool Street**  
**St Albans**  
**Herts AL3 4RF**

## HSBC Actuaries and Consultants Limited

Consolidated Profit and Loss Account for  
the Year Ended 31st December 2004

	Note	2004 £'000	2003 £'000
GROUP TURNOVER	1	29,366	27,738
Administrative expenses		(26,997)	(24,965)
		<hr/>	<hr/>
GROUP OPERATING PROFIT		2,369	2,773
Comprising:			
Group operating profit before pension transfer compensation provision		1,928	1,735
Pension transfer compensation provision release		441	1,038
		<hr/>	<hr/>
Group operating profit		2,369	2,773
<hr/>			
Other interest receivable and similar income	2	643	507
Interest payable and similar charges	3	(13)	(151)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4-6	2,999	3,129
TAXATION	7	(1,169)	(912)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,830	2,217
		<hr/>	<hr/>
DIVIDENDS		(1,800)	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE FINANCIAL YEAR FOR THE GROUP	17	30	2,217
		<hr/>	<hr/>

The turnover and operating profit generated during the current and prior year is attributable to continuing operations.

There is no difference between the historical cost profit and loss and that presented above.

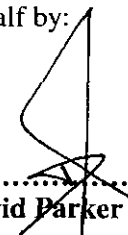
The notes on pages 9 to 19 form part of these financial statements.

## HSBC Actuaries and Consultants Limited

## Company and Consolidated Balance Sheet at 31st December 2004

	Note	Group		Company	
		2004 £'000	2003 £'000	2004 £'000	2003 £'000
<b>FIXED ASSETS</b>					
Tangible assets	9	166	353	166	353
Investments	10	-	-	105	105
		<hr/>	<hr/>	<hr/>	<hr/>
		166	353	271	458
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>					
Debtors	11	9,514	10,601	9,514	10,601
Cash at bank and in hand	13	20,963	14,285	20,963	14,285
		<hr/>	<hr/>	<hr/>	<hr/>
		30,477	24,886	30,477	24,886
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	(14,594)	(8,940)	(14,699)	(9,045)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		15,883	15,946	15,778	15,841
<b>DEBTORS DUE IN MORE THAN ONE YEAR</b>	12	139	135	139	135
		<hr/>	<hr/>	<hr/>	<hr/>
		16,022	16,081	15,917	15,976
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		16,188	16,434	16,188	16,434
		<hr/>	<hr/>	<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	(2,579)	(2,855)	(2,579)	(2,855)
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS</b>		13,609	13,579	13,609	13,579
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16	9,750	9,750	9,750	9,750
Profit and loss account	17	3,859	3,829	3,859	3,829
		<hr/>	<hr/>	<hr/>	<hr/>
<b>EQUITY SHAREHOLDER'S FUNDS</b>		13,609	13,579	13,609	13,579
		<hr/>	<hr/>	<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 22 February 2005 and were signed on its behalf by:

  
 .....  
 David Parker - Director

The notes on pages 9 to 19 form part of these financial statements.



**Statement of Total Recognised Gains and Losses  
for the Year Ended 31st December 2004**

	<i>Group</i>		<i>Company</i>	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Profit and total recognised gains and losses for the financial year	1,830	2,217	1,830	2,217
	<hr/>	<hr/>	<hr/>	<hr/>

**Reconciliation of Movement in Shareholder's Funds  
for the Year Ended 31st December 2004**

	<i>Group</i>		<i>Company</i>	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Profit for the financial year	1,830	2,217	1,830	2,217
Dividend	(1,800)	-	(1,800)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to shareholder's funds	30	2,217	30	2,217
Shareholder's funds at 1st January	13,579	11,362	13,579	11,362
	<hr/>	<hr/>	<hr/>	<hr/>
Shareholder's funds at 31st December	13,609	13,579	13,609	13,579
	<hr/>	<hr/>	<hr/>	<hr/>

## HSBC Actuaries and Consultants Limited

## Notes to the Financial Statements

**1. Principal Accounting Policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Group and of the Company.

**(a) Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

**(b) Cash Flow Statement**

Under FRS1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

**(c) Related Parties**

The related party transactions of the Company with other Group companies are exempt from the disclosure requirements of Financial Reporting Standard 8 'Related Party Transactions' since it is a wholly owned subsidiary of HSBC Holdings plc whose address is shown in note 21 to the Financial Statements.

**(d) Turnover**

Turnover represents commissions and fees receivable in the UK excluding value added tax. Fees are recognised after the service is rendered.

**(e) Depreciation**

Depreciation is calculated to write off the cost of tangible fixed assets by equal instalments over their estimated useful lives. The following depreciation rates are used:

Fixtures, fittings and office equipment	20% and 10%
Plant and machinery	33% and 20%

**(f) Deferred taxation**

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

**(g) Pension costs**

The group and company participate in both the defined benefit and defined contribution sections of the HSBC Bank (UK) Pension Scheme. Accordingly, the contributions for the defined benefit section are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives. For the defined contribution section the charge to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

## HSBC Actuaries and Consultants Limited

## Notes to the Financial Statements

(h) **Basis of consolidation**

The Group accounts consolidate the accounts of HSBC Actuaries and Consultants Limited and its subsidiary undertakings. The consolidated accounts are based on accounts of subsidiary undertakings whose year ends are coterminous with that of the parent company. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiaries acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on previous consolidations (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) was written off against revenue reserves in the year of acquisition. When a subsequent disposal occurs any related goodwill previously written off to reserves is written back through the profit and loss account as part of the profit and loss on disposal. No additional goodwill has arisen in the current financial year. In the Company's accounts, investments in subsidiary undertakings are stated at cost less amounts written off. Dividends received and receivable are credited to the Company's profit and loss account to the extent that they represent a realised profit for the Company. Goodwill was written off as a matter of accounting policy and will be charged to the profit and loss account on subsequent disposal of the business to which it relates.

(i) **Operating leases**

Rentals payable under operating leases are charged to the profit and loss account over the period of the lease, in accordance with SSAP21.

(j) **Finance leases**

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

**2. Other Interest Receivable and Similar Income**

	2004 £'000	2003 £'000
Group companies	643	507
	<hr/>	<hr/>

**3. Interest Payable and Similar Charges**

	2004 £'000	2003 £'000
On loans and overdrafts:		
Group companies	-	122
Finance charges payable in respect of finance leases to Group companies	13	29
	<hr/>	<hr/>
	13	151
	<hr/>	<hr/>

## HSBC Actuaries and Consultants Limited

## Notes to the Financial Statements

**4. Profit on Ordinary Activities before Taxation**

Profit on ordinary activities before taxation is stated after charging the following:

	2004 £'000	2003 £'000
Depreciation and other amounts written off fixed assets:		
Finance leases	8	59
Owned assets	146	162
Auditors' remuneration (Company and Group):		
Audit fees	55	52
Regulatory fees	10	9
Operating lease rentals:		
Hire of plant & machinery - rentals payable under operating leases	466	554
Hire of other assets - operating leases	386	413

**5. Staff Numbers and Costs**

The average number of persons employed by the Group (including Directors) during the year was 399 (2003: 397) and comprised:

	2004 No.	2003 No.
Management	13	14
Consultants, pension administrators, actuaries and students	313	312
IT staff	22	24
Office administrators	51	47
	<hr/>	<hr/>
	399	397
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2004 £'000	2003 £'000
Salaries and bonuses	15,621	14,597
Social security costs	1,835	1,669
Pension costs	1,624	1,515
	<hr/>	<hr/>
	19,080	17,781
	<hr/>	<hr/>

## HSBC Actuaries and Consultants Limited

## Notes to the Financial Statements

## 5. Staff Numbers and Costs (cont'd)

## Retirement benefits

## (i) SSAP 24 Accounting for pensions costs

The group and company are members of the HSBC Bank (UK) Pension Scheme providing benefits based on final pensionable pay. This scheme comprises a fully funded defined benefit scheme and a defined contribution scheme which was established on 1 July 1996 for new employees.

As a result of the most recent actuarial valuation, showing that the scheme was in deficit, the group made a payment to the scheme of £1,350,000, in accordance with the advice of the scheme actuary.

The overall pension charge for the period was £1,624,000 (2003: £1,515,000). Included within this cost is £688,000 in relation to the defined benefit section of the scheme. In 2004 it was not possible to determine the defined benefit portion of the charge and hence the cost was accounted for as if it were a defined contribution scheme. This year the difference between the contributions payable in respect of the accounting period and the charge in the profit and loss account was £290,000 (2003: £240,000) and relate to top up payments.

At 31 December 2004 there was a debtor of £820,000 (2003: £1,110,000) in the balance sheet representing the difference between the amount charged in the profit and loss account and the amount paid into the pension scheme.

## (ii) FRS17 Retirement Benefits

The pension costs of the HSBC Bank (UK) Pension Scheme are assessed across its membership as a whole, and it is not possible to determine the share of the scheme's assets and liabilities that relates to the group. Accordingly, the requirements of FRS 17 'Pension Costs' relating to multi-employer schemes apply.

Further information on the scheme and the actuarial valuations is given in the financial statements of HSBC Holdings plc.

## 6. Directors' Emoluments

## a) The emoluments of the Directors comprised:

A.M.M Dixon was employed and remunerated by a parent undertaking. T. Kemp was employed and remunerated by a fellow subsidiary undertaking of HSBC Insurance Brokers Holdings Limited, the immediate parent company of HSBC Actuaries and Consultants Limited. No charge was made for services provided to the Company. Details of other Directors' emoluments are given below.

	2004 £'000	2003 £'000
Remuneration as executives	1,514	1,396
Pension contributions	200	196
	<hr/>	<hr/>
	1,714	1,592
	<hr/>	<hr/>

## b) The emoluments of the highest paid Director were:

	2004 £'000	2003 £'000
Remuneration	327	313
Pension contributions	38	35
	<hr/>	<hr/>
	365	348
	<hr/>	<hr/>

## HSBC Actuaries and Consultants Limited

## Notes to the Financial Statements

## 6. Directors' Emoluments (cont'd)

c) The number of Directors to whom retirement benefits are accruing are as follows:

	2004 No.	2003 No.
Defined Contribution Schemes	2	2
Defined Benefit Schemes	8	8

The number of Directors exercising share options in the year was 7 (2003: 1).

## 7. Taxation

## Analysis of charge in period

	2004		2003	
	£'000	£'000	£'000	£'000
<i>UK Corporation Tax</i>				
Current tax on income for the period	1,015		1,035	
Adjustments in respect of prior periods	85		170	
Total current tax	<u>          </u>	1,100	<u>          </u>	1,205
<i>Deferred tax (see note 18)</i>				
Origination/reversal of timing differences	69		(293)	
Total deferred tax		69		(293)
		<u>          </u>		<u>          </u>
Tax on profit on ordinary activities		1,169		912
		<u>          </u>		<u>          </u>

## Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2003: higher) than the standard rate of corporation tax in the UK, 30%, (2003:30%). The differences are explained below.

Current tax reconciliation	2004 £'000	2003 £'000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,999	3,129
	<u>          </u>	<u>          </u>
Current tax at 30% (2003:30%)	900	939
<i>Effects of:</i>		
Expenses not deductible for tax purposes	68	42
Depreciation for the period in excess of capital allowances	20	8
Other short term timing differences	27	46
Adjustments to tax charge in respect of previous periods	85	170
	<u>          </u>	<u>          </u>
Total current tax charge (see above)	1,100	1,205
	<u>          </u>	<u>          </u>

## HSBC Actuaries and Consultants Limited

## Notes to the Financial Statements

## 8. Profit Attributable to Shareholders of Holding Company

A separate profit and loss account dealing with the results of the holding company has not been presented as permitted by S230 of the Companies Act 1985. Of the Group's total profit after tax for the financial year a profit of £1,830,000 (2003: £2,217,000) is attributable to the holding company.

## 9. Tangible Fixed Assets

	Fixtures, fittings & office equipment	Plant & Machinery	Total
	<i>Group and Company</i> £'000	<i>Group and Company</i> £'000	<i>Group and Company</i> £'000
Cost:			
At 1 <sup>st</sup> January 2004	189	467	656
Additions	7	61	68
Disposals	(7)	(144)	(151)
	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> December 2004	189	384	573
	<hr/>	<hr/>	<hr/>
Depreciation:			
At 1 <sup>st</sup> January 2004	93	210	303
Charge for the year	31	123	154
Disposals	(4)	(46)	(50)
	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> December 2004	120	287	407
	<hr/>	<hr/>	<hr/>
Net book value:			
At 31 <sup>st</sup> December 2004	69	97	166
	<hr/>	<hr/>	<hr/>
At 1 <sup>st</sup> January 2004	96	257	353
	<hr/>	<hr/>	<hr/>

Included within fixed assets are assets for Group and Company held under finance leases at a cost of £42,000 (2003: £42,000) and net book value of £5,000 (2003: £13,000). Depreciation charged on these assets for 2004 was £8,000 (2003: £59,000).

## 10. Fixed Asset Investments

	<i>Company</i> 2004 £'000	<i>Company</i> 2003 £'000
Shares in Group undertaking:		
At 31st December	105	105
	<hr/>	<hr/>

## HSBC Actuaries and Consultants Limited

## Notes to the Financial Statements

## 10. Fixed Asset Investments (cont'd)

## Subsidiary Companies

The following companies, all of which were incorporated in the United Kingdom and registered in England and Wales, were subsidiary undertakings of the Company at 31st December 2004.

Company	Activity	% of ordinary share capital owned
HSBC Gibbs Consulting Limited	Dormant	100%
Antony Gibbs Trustees Limited	Corporate trustees to pension schemes	100%
HSBC Gibbs Actuarial & Advisory Services Limited	Dormant	100%
LGA Trustees Ltd	Corporate trustees to pension schemes	100%

In the opinion of the Directors the value of the Company's investments in its undertakings is not less than the amount at which they are included in the balance sheet.

## 11. Debtors

	<i>Group &amp; Company</i>	
	2004 £'000	2003 £'000
Trade debtors	6,399	8,008
Amounts owed by Group undertakings	1,842	1,021
Other debtors	850	1,201
Prepayments and accrued income	281	229
Deferred tax asset	142	142
	<hr/>	<hr/>
	9,514	10,601
	<hr/>	<hr/>

## 12. Debtors due in more than one year

	2004 £'000	2003 £'000
Deferred tax asset	139	135
	<hr/>	<hr/>

## 13. Cash at Bank and in Hand

	2004 £'000	2003 £'000
Group undertakings		
Cash deposited with the HSBC Bank plc, a fellow subsidiary of HSBC Holdings plc	20,963	14,285
	<hr/>	<hr/>



## HSBC Actuaries and Consultants Limited

## Notes to the Financial Statements

## 14. Creditors: Amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Trade creditors	640	692	640	692
Amounts owed to Group undertakings	5,914	2,523	6,019	2,628
Corporation tax and Social Security	869	840	869	840
Other creditors	916	990	916	990
Accruals and deferred income	4,455	3,895	4,455	3,895
Dividends payable	1,800	-	1,800	-
	<hr/>	<hr/>	<hr/>	<hr/>
	14,594	8,940	14,699	9,045
	<hr/>	<hr/>	<hr/>	<hr/>

Finance leases are held with Asset Finance December (V) Limited, a fellow subsidiary undertaking of HSBC Holdings plc and are included in the amount owed to Group undertakings.

An amount of £20,000 (£547,000 in 2003) previously disclosed within accruals and deferred income, in respect of refurbishment and dilapidation costs is now separately disclosed within provisions for liabilities and changes (see note 15).

## HSBC Actuaries and Consultants Limited

## Notes to the Financial Statements

## 15. Provisions for Liabilities and Charges

	Pension Transfer Compensation Payments	Other Compensation	Dilapidations	Deferred Taxation	Total
	<i>Group and Company £'000</i>	<i>Group and Company £'000</i>	<i>Group and Company £'000</i>	<i>Group and Company £'000</i>	<i>Group and Company £'000</i>
At 1 <sup>st</sup> January 2004	704	1,604	547	-	2,855
Paid during the year	(174)	(143)	-	-	(317)
Increase/(Decrease) during the year	(167)	58	57	73	(52)
Transfers	-	-	20	-	20
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 <sup>st</sup> December 2004	363	1,519	624	73	2,579
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

An amount of £20,000 (£547,000 in 2003) previously disclosed within accruals and deferred income, (see note 14) in respect of refurbishment and dilapidation costs is now separately disclosed within provisions for liabilities and charges above.

## 16. Called Up Share Capital

	2004 £'000	2003 £'000
Authorised:		
Ordinary shares of £1 each;	10,000	10,000
Issued:		
Share capital allotted, called up, and fully paid	9,750	9,750
	<hr/>	<hr/>

## 17. Profit &amp; Loss Account

	<i>Group &amp; Company 2004 £'000</i>	<i>2003 £'000</i>
Retained profit brought forward	3,829	1,612
Retained profit for the year	30	2,217
	<hr/>	<hr/>
Retained profit carried forward	3,859	3,829
	<hr/>	<hr/>

Since 1989 the accumulated amount of goodwill written off directly to reserves is £1,030,000 (2003: £1,030,000) and £1,030,000 (2003: £1,030,000) in the Group and Company respectively.

## HSBC Actuaries and Consultants Limited

## Notes to the Financial Statements

## 18. Deferred Taxation

The elements of deferred taxation are as follows:

	2004 £'000	2003 £'000
Difference between accumulated depreciation and amortisation and capital allowances	(31)	(11)
Other timing differences	(250)	(266)
	<hr/>	<hr/>
Undiscounted provision	(281)	(277)
	<hr/>	<hr/>
Deferred tax asset (see note 11 & 12)	(281)	(277)
Deferred tax liability	73	-
	<hr/>	<hr/>
	(208)	(277)
	<hr/>	<hr/>
Provision at 1 January 2004	(277)	16
Deferred tax credit in profit and loss account for the period (note 7)	<u>69</u>	<u>(293)</u>
Deferred tax asset at 31 December 2004 (note 11 & 12)	<u>(208)</u>	<u>(277)</u>

## 19. Lease Commitments

## Operating leases

At the year end the Group's annual commitments under operating leases were as follows:-

	<i>Company &amp; Group</i> <i>Land &amp; Buildings</i>		<i>Company &amp; Group</i> <i>Plant &amp; Machinery</i>	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Expiring within 1 year	-	-	89	107
Expiring between 2-5 years	-	-	261	267
Expiring after more than 5 years	386	413	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	386	413	350	374
	<hr/>	<hr/>	<hr/>	<hr/>

**HSBC Actuaries and Consultants Limited**

**Notes to the Financial Statements**

**Finance leases**

At the end of the year the Company and Group had obligations under finance leases with fellow subsidiary undertakings maturing as follows:

	2004 £'000	2003 £'000
Within one year	5	-
In the second to fifth years	-	15
	<hr/> 5	<hr/> 15
Future finance charge	-	(1)
	<hr/>	<hr/>
Net obligation under finance leases	<hr/> 5	<hr/> 14

**20. Contingencies**

**Group guarantees**

Under a Group registration all companies within the Group are jointly and severally liable for Value Added Tax due by other UK Group companies. No valuable security has been provided by the Company in respect of the above contingency.

**Investors compensation scheme levy**

The Investors Compensation Scheme charges levies in respect of compensation paid to policy-holders who were advised by other Independent Financial Advisers who are now unable to meet those liabilities. It is not possible at this stage to estimate the levies which will be charged in the future.

**Other Provisions**

The businesses consolidated in the financial statements of HSBC Actuaries and Consultants Limited may, in the normal course of conducting their businesses, receive claims for alleged negligence. They contest such claims vigorously and maintain substantial professional indemnity cover. Provisions for liabilities and charges include, where appropriate, the estimated cost of meeting any notified claims with amounts recoverable from insurers included in debtors.

**21. Ultimate Parent Company and Parent Undertaking of Larger Group of which the Company is a Member**

The largest and only Group in which the results of the Company are consolidated is that headed by the ultimate parent company and ultimate controlling party, HSBC Holdings plc, registered in England and Wales. Its consolidated financial statements are available to the public and may be obtained from 8 Canada Square, London E14 5HQ.