

HSBC Gibbs Benefit Consultants Limited
Directors' Report and Consolidated Financial Statements
31st December 1996
(Registered Number: 676122)



HSBC Gibbs Benefit Consultants Limited

Report of the Directors

The directors submit their report and the audited financial statements of the company and the group for the year ended 31st December 1996.

Principal Activity

The principal activity of the company is that of pension consultancy which, combined with the financial management activities of HSBC Gibbs Consulting Limited (a subsidiary undertaking), enables the group to provide a full range of financial management services.

Business Review

The opening of a new division, the acquisition in the previous year and an improvement in market conditions contributed to increased volumes of business. While there is some optimism that the improved conditions will continue in 1997 the ongoing SIB Pension Transfer and Opt-Out Review remains an unsettling factor.

Results and Dividends

The consolidated results of the group for the year are detailed in the consolidated profit and loss account on page 5. The directors recommend a dividend payment of £2.40 per share (1995: £nil) in respect of the year ended 31st December 1996.

Fixed Assets

Movements in fixed assets are detailed in note 11.

Charitable Donations

The company made charitable donations of £1,858 (1995: £1,432) during the year.

Supplier Payment Policy

It is the company's policy to negotiate terms with its suppliers in all sectors and to ensure that they know the terms on which payment will take place when the business is agreed. It is our policy to abide by these terms.

HSBC Gibbs Benefit Consultants Limited

Report of the Directors

Directors

The directors who served during the year were:

G F Puttergill (Chairman)
J Bonnett
R Haines
K Insole
C M Johnstone
D Lackenby
T M McIntyre (Resigned 6th February 1996)
R A R Mattingly
S Moran
B Murphy

No director had any disclosable interest in any group undertaking (HSBC Holdings plc group) at any time during the year.

By order of the Board



D GABLE

Secretary

31st January 1997

Antony Gibbs House
Ridgmont Road
St. Albans
Herts
AL1 3AB

HSBC Gibbs Benefit Consultants Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

Auditors' Report to the Members of
HSBC Gibbs Benefit Consultants Limited

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 group and of the company as at 31st December 1996 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
31st January 1997**

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

31 January 1997

HSBC Gibbs Benefit Consultants Limited**Consolidated Profit and Loss Account for
the Year Ended 31st December 1996**

	Note	Continuing Operations	
		1996 £'000	1995 £'000
TURNOVER	2	13,735	11,403
Administrative expenses		(12,851)	(11,284)
		<hr/>	<hr/>
OPERATING PROFIT		884	119
Other interest receivable and similar income	3	232	158
Interest payable and similar charges	4	(107)	(76)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5-7	1,009	201
Tax on profit on ordinary activities	8	(400)	(84)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		609	117
PROPOSED DIVIDEND	9	(600)	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE FINANCIAL YEAR	19	9	117
		<hr/> <hr/>	<hr/> <hr/>

During the year the group acquired the life and pensions business of an Insurance Broker. This acquisition is not considered material and accordingly the disclosures required under FRS 3 have not been given above.

The notes on pages 8 to 18 form part of these financial statements.

HSBC Gibbs Benefit Consultants Limited**Company and Consolidated Balance Sheet at 31st December 1996**

	Note	<i>Group</i>		<i>Company</i>	
		1996 £'000	1995 £'000	1996 £'000	1995 £'000
FIXED ASSETS					
Tangible Assets	11	308	496	224	376
Investments	12	-	-	110	110
		<hr/>	<hr/>	<hr/>	<hr/>
		308	496	334	486
		<hr/>	<hr/>	<hr/>	<hr/>
CURRENT ASSETS					
Debtors	13	4,160	3,878	3,929	2,933
Cash at bank and in hand	14	4,737	3,209	1,408	2,044
		<hr/>	<hr/>	<hr/>	<hr/>
		8,897	7,087	5,337	4,977
		<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	(4,818)	(3,154)	(3,125)	(2,597)
		<hr/>	<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS		4,079	3,933	2,212	2,380
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,387	4,429	2,546	2,866
		<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(1,497)	(1,578)	(1,247)	(1,328)
		<hr/>	<hr/>	<hr/>	<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES	17	(911)	(731)	(449)	(300)
		<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS		1,979	2,120	850	1,238
		<hr/>	<hr/>	<hr/>	<hr/>
CAPITAL AND RESERVES					
Called up share capital	18	250	250	250	250
Profit and loss account	19	1,729	1,870	600	988
		<hr/>	<hr/>	<hr/>	<hr/>
SHAREHOLDER'S FUNDS		1,979	2,120	850	1,238
		<hr/>	<hr/>	<hr/>	<hr/>

These financial statements were approved by the Board of Directors on 31st January 1997 and were signed on its behalf by:

R HAINES - Director

B MURPHY - Director

The notes on pages 8 to 18 form part of these financial statements.

HSBC Gibbs Benefit Consultants Limited**Statement of Total Recognised Gains and Losses**
for the Year Ended 31st December 1996

	<i>Group</i>		<i>Company</i>	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Profit and total recognised gains and losses for the financial year	609	117	212	68
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Reconciliation of Movement in Shareholder's Funds
for the Year Ended 31st December 1996

	<i>Group</i>		<i>Company</i>	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Profit for the financial year	609	117	212	68
Ordinary dividends	(600)	-	(600)	-
Goodwill written off to Reserves	(150)	-	-	-
Shareholder's funds at 1st January	2,120	2,003	1,238	1,170
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Shareholder's funds at 31st December	1,979	2,120	850	1,238
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

HSBC Gibbs Benefit 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) Turnover

Turnover represents commissions and fees receivable in the UK excluding value added tax. Credit is taken for recurring fees at the beginning of a particular pension scheme year and for commission when the first premium payment is charged to the client. Non recurring fees are recognised after the service is rendered and subsequently invoiced to the client.

(c) 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%

(d) Deferred taxation

Deferred taxation in respect of the taxation effect of all timing differences is provided to the extent that it is probable that liabilities will crystallise.

(e) Pension costs

The group and company contribute to defined benefit pension schemes with trust assets invested outside the group. For these schemes, the profit and loss account is charged with the cost of providing benefits, as they accrue, in accordance with SSAP24.

The group and company also contributes to a defined contribution scheme, contributions being charged in full to the profit and loss account in the year incurred.

(f) Basis of consolidation

The group accounts consolidate the accounts of HSBC Gibbs Benefit Consultants Limited and all its subsidiary undertakings. The consolidated accounts are based on accounts of subsidiary undertakings which are coterminous with those of the parent company. Unless otherwise stated, the acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings 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 consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves in the year of acquisition. 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.

(g) Operating leases

Rentals payable under operating leases are charged to the profit and loss account in the period to which they relate, in accordance with SSAP21.

(h) Finance leases

Where the group entered into a lease which entails taking substantially all risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the Balance Sheet as a tangible Fixed Asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments on such leases, net of finance charges, are included within Creditors. Rentals payable are apportioned between the finance element, which is charged to the Profit and Loss Account over the period of the lease, representing a constant proportion of the balance of the capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

HSBC Gibbs Benefit Consultants Limited**Notes to the Financial Statements****(i) Investments**

The book value of investments in the company's accounts represents the lower of cost and directors' valuation for investments in group undertakings.

2. Turnover

By class of business:	1996 £'000	1995 £'000
Fees	7,448	6,794
Commissions	6,287	4,609
	<hr/>	<hr/>
	13,735	11,403
	<hr/>	<hr/>

(The directors do not believe that profit can be apportioned between the business classes on a meaningful basis).

3. Other Interest Receivable and Similar Income

	1996 £'000	1995 £'000
Group companies	216	143
Other	16	15
	<hr/>	<hr/>
	232	158
	<hr/>	<hr/>

4. Interest Payable and Similar Charges

	1996 £'000	1995 £'000
On bank loans and overdrafts wholly repayable within five years:		
Group companies	87	57
Finance charges payable in respect of finance leases	20	19
	<hr/>	<hr/>
	107	76
	<hr/>	<hr/>

HSBC Gibbs Benefit Consultants Limited**Notes to the Financial Statements****5. Profit on Ordinary Activities before Taxation**

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

	1996 £'000	1995 £'000
Directors' emoluments including pension contributions	799	999
Exceptional items included within administrative charge (redundancy costs including directors)	-	392
Depreciation of tangible fixed assets:		
finance leases	93	69
other	120	115
Auditors' remuneration:		
audit fees	50	50
regulatory fees	12	12
other fees	6	5
Operating lease rentals:		
hire of plant & machinery	504	442
land & buildings	376	376
Finance lease charges	109	86

6. Staff Numbers and Costs

The average number of persons employed by the group (including directors) during the year was 249 (1995: 218) and comprised:

	1996 No.	1995 No.
Management	22	19
Consultants and pension administrators	100	86
Office administrators	127	113
	<hr/>	<hr/>
	249	218
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1996 £'000	1995 £'000
Salaries and bonuses	6,715	5,663
Social security costs	644	521
Pension costs	569	531
	<hr/>	<hr/>
	7,928	6,715
	<hr/>	<hr/>

HSBC Gibbs Benefit Consultants Limited**Notes to the Financial Statements**

The majority of staff are members of the Gibbs Pension & Life Assurance Plan, which is a funded defined benefit scheme. The assets are held separately in a trust fund administered by trustees. Annual profits are charged with pension contributions, based on the total pension costs for HSBC Gibbs Benefit Consultants Limited, which are assessed in accordance with the advice of qualified actuaries (who are employees of the company) using the projected unit method.

The latest actuarial valuation was made as at 1st April 1995, full details of which are given in the financial statements of HSBC Gibbs Holdings Limited.

The pension charge for the year was £569,000 (1995: £531,000).

The pension charge for the year includes £84,000 (1995: £81,000) contributions to the Antony Gibbs Money Purchase Pension Plan, a defined contribution pension scheme with assets held in a trust fund also administered by trustees. There were no contributions outstanding at the end of the year (1995: £nil).

7. Directors' Emoluments

The emoluments of the directors, excluding pension contributions, comprised:

	1995 £'000	1995 £'000
Remuneration as executives	717	891
	<u> </u>	<u> </u>

The emoluments of the chairman and the highest paid director were:

	1996 £'000	1995 £'000
Chairman	-	-
Highest Paid Director	133	125
	<u> </u>	<u> </u>

HSBC Gibbs Benefit Consultants Limited**Notes to the Financial Statements**

The emoluments of the directors (including the chairman and highest paid director), excluding pension contributions, were within the following bands:

	1996 No.	1995 No.
Under £5,000	2	2
£ 25,001-£ 30,000	-	1
£ 65,001-£ 70,000	-	1
£ 70,001-£ 75,000	1	2
£ 75,001-£ 80,000	2	2
£ 80,001-£ 85,000	1	2
£ 85,001-£ 90,000	1	1
£ 90,001-£ 95,000	1	-
£ 95,001- £100,000	1	-
£115,001-£120,000	-	1
£125,001-£130,000	-	1
£130,001-£135,000	1	-

8. Taxation

	1996 £'000	1995 £'000
UK corporation tax, based on profits for the year, at 33% (1995: 33%)	385	89
Under/(over) provision in previous years	15	(5)
	<hr/>	<hr/>
	400	84
	<hr/>	<hr/>

9. Dividends

The aggregate amount of proposed dividend is £600,000 (1995: nil).

10. 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 £212,000 (1995: £68,000) is attributable to the holding company.

HSBC Gibbs Benefit Consultants Limited**Notes to the Financial Statements****11. Tangible Fixed Assets**

	Fixtures, fittings & office equipment		Plant & machinery		Total	
	<i>Group £'000</i>	<i>Company £'000</i>	<i>Group £'000</i>	<i>Company £'000</i>	<i>Group £'000</i>	<i>Company £'000</i>
Cost:						
At 1st January 1996	440	396	931	725	1,371	1,121
Additions	23	-	2	-	25	-
Disposals	(146)	(129)	(311)	(273)	(457)	(402)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1996	317	267	622	452	939	719
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:						
At 1st January 1996	340	306	535	439	875	745
Charge for the year	45	35	168	117	213	152
Disposals	(146)	(129)	(311)	(273)	(457)	(402)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1996	239	212	392	283	631	495
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:						
At 31st December 1996	78	55	230	169	308	224
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1st January 1996	100	90	396	286	496	376
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included within Plant and machinery are assets held under finance leases at a cost of £303,000 (1995: £303,000) and net book value of £141,000 (1995: £234,000).

During the period the Directors reviewed the Fixed Asset Register of group companies. As a result fully depreciated assets with cost and accumulated depreciation of £457,000 have been removed from the fixed asset note above, of which £402,000 relates to the company.

HSBC Gibbs Benefit Consultants Limited**Notes to the Financial Statements****12. Investments (held as Fixed Assets)**

	<i>Company</i> £'000
Shares in group undertaking: At 31st December 1996	110
	<u><u>110</u></u>

Subsidiary Companies

The following companies, all of which were incorporated in the United Kingdom and registered in England and Wales, were undertakings of the company at 31st December 1996.

<u>Company</u>	<u>Activity</u>	<u>% of ordinary share capital owned</u>
HSBC Gibbs Consulting Limited	Financial planning & investment management	100%
Antony Gibbs Trustees Limited	Corporate trustees to pension schemes	100%
HSBC Gibbs Actuarial and Advisory Services Limited	Actuarial services	100%
St Cross Trustees Ltd	Corporate trustees to pension schemes	100%
LGA Trustees Ltd	Corporate trustees to pension schemes	100%

In addition the following company, registered in England and Wales, was owned by HSBC Gibbs Consulting Limited at 31st December 1996.

<u>Company</u>	<u>Activity</u>	<u>% of ordinary share capital owned</u>
AGHC Nominees Limited	Non Trading	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.

HSBC Gibbs Benefit Consultants Limited**Notes to the Financial Statements****13. Debtors**

	<i>Group</i>		<i>Company</i>	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Trade debtors	3,682	3,444	2,881	2,634
Amounts owed to holding and fellow subsidiary undertakings	-	-	670	-
Other debtors	104	90	104	90
Prepayments and accrued income	374	344	274	209
	<hr/>	<hr/>	<hr/>	<hr/>
	4160	3,878	3,929	2,933
	<hr/>	<hr/>	<hr/>	<hr/>

14. Cash at Bank and in Hand

	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Group undertakings				
Cash deposited with the Hongkong and Shanghai Banking Corporation Ltd	-	993	-	500
Cash deposited with the Midland Bank plc	4,737	1,908	1,408	1,544
Non group deposits	-	308	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,737	3,209	1,408	2,044
	<hr/>	<hr/>	<hr/>	<hr/>

15. Creditors : Amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Obligations under finance leases	81	89	81	89
Trade creditors	551	325	175	171
Amounts owed to group undertakings:				
Holding and fellow subsidiary undertakings	841	795	335	270
Subsidiary undertakings	-	-	-	512
Corporation tax	418	96	161	54
Other taxes	203	213	203	213
Social Security	140	117	140	117
Other creditors	778	850	710	790
Accruals and deferred income	1,206	669	720	381
Dividend proposed	600	-	600	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,818	3,154	3,125	2,597
	<hr/>	<hr/>	<hr/>	<hr/>

Finance leases are held with Forward Asset Finance Limited, a fellow subsidiary undertaking of HSBC Holdings plc.

HSBC Gibbs Benefit Consultants Limited**Notes to the Financial Statements****16. Creditors : Amounts falling due after more than one year**

	<i>Group</i>		<i>Company</i>	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Obligations under finance leases	47	128	47	128
Amounts owed to group undertakings:				
Loans from fellow subsidiary undertaking:	1,450	1,450	1,200	1,200
	<u>1,497</u>	<u>1,578</u>	<u>1,247</u>	<u>1,328</u>

The loans are interest bearing at LIBOR and repayable upon demand but are subordinated to the other indebtedness of the group.

17. Provisions for Liabilities and Charges

	<i>Group</i> £'000	<i>Company</i> £'000
Opening 1st January 1996	731	300
Increase during the year	180	149
	<u>911</u>	<u>449</u>
Closing 31st December 1996		

18. Called Up Share Capital

	1996 £'000	1995 £'000
Ordinary shares of £1 each:		
Authorised, allotted, called up and fully paid	250	250

19. Profit & Loss Account

	<i>Group</i>		<i>Company</i>	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Retained profit brought forward	1,870	1,753	988	920
Retained profit/(loss) for the year	9	117	(388)	68
Goodwill written off	(150)	-	-	-
	<u>1,729</u>	<u>1,870</u>	<u>600</u>	<u>988</u>

Since 1989 the accumulated amount of goodwill written off directly to reserves is £1,030,000 (1995: £880,000) and £430,000 (1995: £430,000) in the group and company respectively.

HSBC Gibbs Benefit Consultants Limited**Notes to the Financial Statements****20. Acquisition**

On 6th November 1996 the life and pensions business of a Glasgow based Insurance Brokers was acquired by an intermediate holding company. Part of the business was transferred to the group together with associated goodwill of £150,000. The fair value of the assets acquired and consideration given are as follows:

	£'000
Fair value of assets acquired	-
Consideration:	(150)
	<hr/>
Goodwill arising	(150)
	<hr/> <hr/>

21. Deferred Taxation

At 31st December, 1996 and 1995 there was no liability or potential liability for deferred taxation.

22. Lease Commitments**Operating leases**

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

	<i>Company & Group</i> Land & Buildings		<i>Company & Group</i> Plant & Machinery	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Expiring within 1 year	-	-	49	23
Expiring between 2-5 years	-	-	319	285
Expiring after more than 5 years	376	376	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	376	376	368	308
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Finance leases

At the end of the year the company and group had obligations under finance leases maturing as follows:

	1996	1995
	£'000	£'000
Within one year	90	109
In the second to fifth years	50	140
	<hr/>	<hr/>
	140	249
Future finance charge	(12)	(32)
	<hr/>	<hr/>
Net obligation under finance leases	128	217
	<hr/> <hr/>	<hr/> <hr/>

HSBC Gibbs Benefit Consultants Limited**Notes to the Financial Statements****23. Cash Flow Statement**

Under FRS1 the group is exempt from the requirement to include a cash flow statement in its financial statements as it is a wholly owned subsidiary of HSBC Holdings plc., a company incorporated in the UK. HSBC Holdings plc will publish a cash flow statement in its own financial statements to include the cash flows of the group.

24. 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.

Pension transfers and opt-outs

Guidance has been issued by the PIA affecting all companies involved in the business of pension transfers and opt outs. The company is reviewing the business transacted in order to determine the extent of any exposure. In view of the uncertainties affecting the outcome of this review, a provision exists in these accounts for liabilities for compensation payments and related costs, and assurance has also been obtained from the directors of an intermediate holding company that in the event of any further compensation being payable to customers, it will make available to the company such funds as are necessary.

Investors compensation scheme levy

The Investors Compensation Scheme may charge 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 and therefore no provision has been made in the financial statements.

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

The company is a subsidiary undertaking of HSBC Holdings plc which is the ultimate parent company, registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by HSBC Holdings plc, registered in England and Wales. The consolidated financial statements of this group are available to the public and may be obtained from 10 Lower Thames Street, London EC3R 6AE. No other group financial statements include the results of the company.