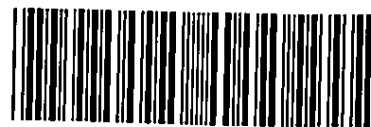


HSBC Actuaries and Consultants Limited
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 December 2008

REGISTERED NO. 676122

MONDAY



AS93QDUB

A13

05/10/2009

40

COMPANIES HOUSE

HSBC ACTUARIES AND CONSULTANTS LIMITED**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008**

The directors present their annual report and the audited financial statements for the year ended 31 December 2008.

Principal Activities

The main objective of the Company was the provision of financial management services, in particular pensions consultancy and administration.

The Company is a wholly owned subsidiary of HSBC Insurance Brokers Holdings Limited, which is a member of the HSBC Group. The principal services offered include:

- Actuarial Services
- Pension Administration services
- Advice on Employee Benefits
- Advice on Personal Financial Planning
- Investment Consulting Advice

Business Review

The Company continues to provide ongoing pension advice to companies and their pension fund trustees. In the year we have seen an increase in advice required by companies on strategies for managing their exposures. New business activity continues to be successful with a number of new clients being won during the year.

The Company's results for the year under review are as detailed in the income statement shown in these accounts. The results were significantly affected by the write down of the value of investment in NHFA limited, which resulted in a loss of £9,515,000. A key financial measure for the Company is pre-tax net profit margin which has reduced this year to 6.9%, if the effect of the write down of investments is excluded (2007: 10.5%). This is due to a one-off investment made to enhance the quality of our pension administration services.

Key business risks include the possibility of errors in the nature of advice, or in the processing of clients' pension schemes. These risks are mitigated by agreeing clear terms of business with clients, ensuring appropriate training and competence of staff and adopting appropriate procedures and controls to ensure that high standards of diligence and quality of service are maintained. This is reinforced by application of suitable risk management, compliance and internal audit procedures. Finally, the Company maintains a significant level of professional indemnity insurance.

Future Developments

We continue to envisage that companies will require advice on pension issues for the foreseeable future.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2008 (2007 £NIL).

HSBC ACTUARIES AND CONSULTANTS LIMITED**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008
(CONTINUED)****Financial Risk****Credit risk**

The Company's principal financial assets are bank balances and trade debtors, which represent the Company's maximum exposure to credit risk.

The Company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Company's management based on prior experience and assessment of the current economic environment.

The credit risk on liquid funds is limited as all funds are invested in HSBC Group companies. Given their high credit ratings, management does not expect these counterparties to fail to meet their obligations.

Liquidity risk

The Company has significant liquid resources in excess of its day to day business requirements and scheduled repayment of debt. As such liquidity risk is not considered by management as significant.

The Company is required to maintain minimum solvency requirements as set by the FSA. These solvency requirements are reviewed on a regular basis to ensure the Company has sufficient realisable assets.

Interest rate risk

Liquid funds are invested in short term fixed deposits with HSBC Group companies. The level of interest income earned by the Company is subject to changes in market interest rates.

Currency Risk

The Company does not undertake material amounts of business denominated in foreign currencies, and management therefore deems exposure to currency risk not to be significant.

Fair Values

For all financial assets, the fair values are equal to the carrying amounts shown in the balance sheet.

Capital Management

The principal capital requirement of the Company is to meet FSA capital adequacy requirements. Management prepare quarterly forecasts to ensure the Company has sufficient capital and during 2008 there were no breaches (2007: none).

HSBC ACTUARIES AND CONSULTANTS LIMITED**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008
(CONTINUED)****Directors**

The Directors who served during the year were as follows:

Name

C Schnor (resigned 17 December 2008) *

P P C Gregory (Chairman) **

R A Reid (Chief Executive)

D E Clare

D A Clow

D Lackenby

R A R Mattingly

M J Paul

S P Robinson

A P Redwood

J A Sarkar

*C Schnor deceased.

**P P C Gregory was appointed as Chairman of the Company with effect from 28 January 2009.

N Hinshelwood was appointed a Director of the Company with effect from 16 February 2009.

The Articles of Association of the Company provide that in certain circumstances the directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the directors.

Employment of disabled persons

The Company is 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 continues 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's performance through management channels, electronic communication and by way of attendance at internal seminars and training programmes. Employees are encouraged to discuss operational and strategic issues with their line management 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.

Political and charitable contributions

The Company made no political donations nor incurred any political expenditure during the year. The Company made charitable donations of £1,000 (2007: £2,000) during the year.

HSBC ACTUARIES AND CONSULTANTS LIMITED**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2008
(CONTINUED)****Supplier payment policy**

The Company does not currently subscribe to any code or standard on payment practice. It is the Company's policy, however, to settle the terms of payment with those suppliers when agreeing the terms of each transaction, to ensure that those suppliers are made aware of the terms of payment, and to abide by the terms of payment.

It is Company practice to organise payment to its suppliers through a central accounts payable function operated by HSBC Insurance Brokers Limited. The payment performance of this unit is incorporated within the results of that company.

The amount due to the Company's external trade creditors at 31 December 2008 represented 20 days average daily purchase of goods and services received from those creditors, calculated in accordance with the Companies Act 1985, as amended by Statutory Instrument 1997/371 (2007: 21 days).

Disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given pursuant to section 234ZA of the Companies Act 1985 and should be interpreted in accordance therewith.

Auditors

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

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, is made with a view to distinguishing for the shareholder the respective responsibilities of the directors and of the auditor in relation to the financial statements.

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU.

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

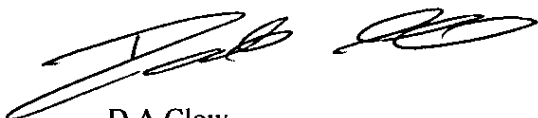
In preparing these financial statements, the directors are required to:

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

HSBC ACTUARIES AND CONSULTANTS LIMITED**Statement of Directors' responsibilities in relation to financial statements (continued)**

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

By order of the Board



D A Clow
Chief Operating Officer

Date: 20 February 2009

Registered Office:
8 Canada Square
London
E14 5HQ

HSBC ACTUARIES AND CONSULTANTS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
HSBC ACTUARIES AND CONSULTANTS LIMITED**

We have audited the financial statements of HSBC Actuaries and Consultants Limited for the year ended 31 December 2008, which comprise the Income Statement, the Balance Sheet, the Statement of Cash Flows, the Statement of Recognised Income and Expense, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

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

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

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

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

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

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

24 FEB 2009

HSBC ACTUARIES AND CONSULTANTS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £000	2007 £000
Revenue	2	40,094	38,661
Employee benefits		(22,291)	(24,322)
Depreciation expense	9	(152)	(109)
Other expenses		(15,978)	(11,028)
Operating profit before financing costs		1,673	3,202
Financial income	4	1,131	840
Financial expenses	6	(37)	-
Net financing income		1,094	840
Operating profit		2,767	4,042
Net impairment loss on investment	10	(9,515)	-
(Loss) / Profit before taxation	3	(6,748)	4,042
Taxation	8	(1,081)	(974)
(Loss) / Profit for the financial year		(7,829)	3,068
Attributable to:			
Equity holders of the Company		(7,829)	3,068

All of the above results arose in respect of continuing activities.

**STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 31 DECEMBER 2008**

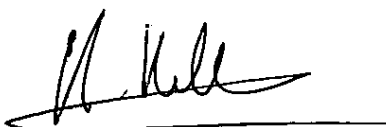
	2008 £000	2007 £000
(Loss) / Profit for the year	(7,829)	3,068
Total recognised income and expense	(7,829)	3,068
Attributable to:		
Equity holders of the Company	(7,829)	3,068

HSBC ACTUARIES AND CONSULTANTS LIMITED

COMPANY BALANCE SHEET AT 31 DECEMBER 2008

	Note	2008 £000	2007 £000
ASSETS			
Non-current assets			
Property, plant and equipment	9	330	266
Investments in subsidiary undertakings	10	105	9,620
Deferred tax asset	11	468	618
Total non-current assets		903	10,504
Current assets			
Trade and other receivables	12	11,189	12,431
Cash and cash equivalents	13	22,617	23,087
Assets classified as held for sale	10	-	-
Total current assets		33,806	35,518
Total assets		34,709	46,022
LIABILITIES			
Current liabilities			
Trade and other payables	14	(14,789)	(17,684)
Tax payable		(459)	(555)
Provisions	15	(1,552)	(2,189)
Total current liabilities		(16,800)	(20,428)
Net current assets		17,006	15,090
Total assets less current liabilities		17,909	25,594
Non-current liabilities			
Provisions	15	(943)	(940)
Total non-current liabilities		(943)	(940)
Net assets		16,966	24,654
Equity			
Share Capital	16	18,750	18,750
Retained Earnings	22	(1,784)	5,904
Total equity attributed to the equity holders of the Company		16,966	24,654

The financial statements were approved by the Board of Directors on 20 February 2009 and were signed on its behalf by:



R A R Mattingly
Director

HSBC ACTUARIES AND CONSULTANTS LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 £000	2007 £000
Cash flows from operating activities			
(Loss)/Profit for the year		(7,829)	3,068
Adjustments for			
Depreciation	3	152	109
Financial income	4	(1,131)	(840)
Financial expense	6	37	-
Impairment loss on investment	10	9,515	-
Taxation	8	1,081	974
Equity settled share based payments expenses	22	95	152
Operating profit before changes in working capital, provisions and impairment		1,920	3,463
Changes in working capital			
Change in trade and other receivables	12	1,243	702
Change in trade and other payables	14	(2,961)	537
Change in provisions	15	(634)	600
Cash generated from operations		(432)	5,302
Interest paid	6	(37)	-
Taxation paid	8	(982)	(1,561)
Net cash generated from operating activities		(1,451)	3,741
Cash flows from investing activities			
Interest received	4	1,197	805
Acquisition of subsidiary	10	-	(231)
Acquisition of property, plant and equipment	9	(216)	(234)
Net cash from investing activities		981	340
Net (decrease) / increase in cash and cash equivalents		(470)	4,081
Cash and cash equivalents at 1 January 2008		23,087	19,006
Cash and cash equivalents at 31 December 2008		22,617	23,087

HSBC ACTUARIES AND CONSULTANTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES**

HSBC Actuaries and Consultants Limited is a company incorporated in the United Kingdom and registered in England and Wales.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

a) Basis of Preparation**(i) Statement of Compliance**

The financial statements have been prepared, and approved by the directors, in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB), as endorsed by the European Union.

The financial statements are presented in pounds sterling.

(ii) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(iii) Use of estimates and judgements

The preparation of financial statements 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.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Critical accounting judgements in applying the Company's accounting policies include assuming that there will be sufficient future taxable profits for the deferred tax asset to be realised, and the estimation of provisions. There are no further accounting judgements that management consider critical, or that may have a material effect on the accounts.

HSBC ACTUARIES AND CONSULTANTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES (continued)****b) Revenue**

Revenue represents fees received and net commission earned from provision of advice and pensions administration. Fees are recognised on the basis of work completed, in accordance with client contracts. Commissions are recognised following completion of the policy with the insurance company. An amount of income has been deferred in respect of policies that may be cancelled in the future resulting in a proportion of the premium being repaid to the insurance company and this is calculated based on historic trends.

c) Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Foreign currency balances in respect of business settled in those currencies are translated at the closing rates of exchange on the balance sheet date. Differences arising from translation and conversion of amounts in foreign currencies are dealt with in the income statement.

d) Non-derivative Financial Instruments

Non-derivative financial instruments comprise investments in subsidiaries, other financial assets, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs.

A non-derivative financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at the trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are de-recognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost less any impairment losses.

In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes or other purposes.

HSBC ACTUARIES AND CONSULTANTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES (continued)****e) Property, plant and equipment**

Property, plant and equipment assets are stated at cost less amounts provided for depreciation.

Other property, plant and equipment assets are depreciated on a straight line basis by reference to their estimated useful lives as follows:

Fixtures and Fittings - between 5 and 10 years

Plant and Machinery – 3 years

f) Investments

Investments in subsidiaries are carried at cost less impairment.

g) Leased assets

Rental payments made in respect of operating leasing arrangements are charged to the income statement on a straight line basis over the life of the lease.

h) Intermediate Parent Undertaking

These separate financial statements contain information about HSBC Actuaries and Consultants Limited as an individual company and do not contain consolidated information as the parent of a group. The Company has taken advantage of the exemption under s228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent, HSBC Holdings plc.

i) Impairment

The carrying value of the Company's assets is reviewed at each balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. To the extent that the carrying amount exceeds the recoverable amount, which is the higher of net realisable value and value in use, the asset is written down to its recoverable amount. Impairment losses are recognised in the income statement. Net realisable value is the estimated value at which an asset can be disposed of, less any direct selling costs. Value in use is the estimate of the discounted future flows generated from the assets' continued use, including those resulting from its ultimate disposal. For the purposes of assessing value in use, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at historical cost, the reversal is recognised in the income statement.

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

j) Assets classified as held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

k) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company participates in both the defined benefit and defined contribution sections of the HSBC Bank (UK) Pension Scheme. For the defined contribution section of the scheme the charge to the income statement represents the contributions payable to the scheme in respect of the accounting period. With respect to the defined benefits section of the scheme, the Company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis and therefore, as permitted by IAS19 (revised) 'Employee benefits' the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme.

l) Provisions

A provision is recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

m) Share-based compensation

The cost of awards to employees that take the form of shares or rights to shares is measured by the fair value of the equity instrument awarded at the date of grant, and is recognised in the income statement over the vesting period of the award, with a corresponding increase in equity.

The fair value of share options awarded is calculated using an option pricing model excluding the impact of non-market performance conditions. Non-market performance conditions are reflected in the assumptions of the number of options expected to vest, which is revised at each balance sheet date.

HSBC ACTUARIES AND CONSULTANTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES (continued)****n) Taxation**

Income tax expense comprises current and deferred tax. Income tax expense 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 on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

o) Net financing costs

Net financing costs comprise interest payable and interest receivable on funds invested, that are recognised in the income statement.

Interest income and interest payable is recognised in the income statement as it accrues.

p) Standards and interpretations adopted for the first time

In these financial statements the following IFRSs are effective for the first time:

- IFRIC 11 – IFRS2 Group and Treasury Share Transactions
- IFRIC 12 - Service Concession Agreements
- IFRIC 14 - IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

None of the above has had any material financial effect on the financial statements for the current or prior year.

HSBC ACTUARIES AND CONSULTANTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES (continued)****q) Standards and interpretations not yet adopted**

The following Adopted IFRSs were available for early application but have not been applied by the Company in these financial statements. Their adoption is not expected to have a material affect on the financial statements unless otherwise indicated:

- Amended IFRS 1 and IAS 27 'Amendments to IFRS 1 First-time Adoption of International Reporting Standards and IAS27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate' (mandatory for the year commencing on or after 1 January 2009).
- Amended IFRS 2 'Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations' (mandatory for the year commencing on or after 1 January 2009).
- Revised IFRS 3 'Business Combinations' (mandatory for the year commencing on or after 1 July 2009).
- IFRS 8 'Operating Segments' (mandatory for the year commencing on or after 1 January 2009).
- Revised IAS 1 'Presentation of Financial Statements' (mandatory for the year commencing on or after 1 January 2009).
- Revised IAS 23 'Borrowing Costs' (mandatory for the year commencing on or after 1 January 2009).
- Amended IAS 27 'Consolidated and Separate Financial Statements' (mandatory for the year commencing on or after 1 July 2009).
- Amended IAS 32 and IAS 1 'Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation' (mandatory for the year commencing on or after 1 January 2009).
- Amended IAS 39 'Eligible Hedged Items – Amendments to IAS 39 Financial Instruments: Recognition and Measurement' (mandatory for the year commencing on or after 1 July 2009).
- Various improvements to IFRSs 2008 (dealt with on a standard-by-standard basis; generally for the year commencing on or after 1 January 2009).
- IFRIC 13 'Customer Loyalty Programmes' (mandatory for the year commencing on or after 1 July 2008).

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2. REVENUE

In the opinion of the directors, the Company is engaged in only one class of business and its revenue and (loss)/profit before taxation are derived wholly from activities in the United Kingdom.

3. (LOSS) / PROFIT BEFORE TAX

(Loss) / Profit before tax is stated after charging the following:

	2008 £000	2007 £000
Depreciation and other amounts written off property, plant and equipment	152	109
Operating lease rentals		
- on fixtures, equipment and vehicles	270	356
- on premises	741	602
Auditors' remuneration		
- audit of these financial statements	56	56
- other services supplied pursuant to legislation	8	8

4. FINANCIAL INCOME

	2008 £000	2007 £000
Interest receivable:		
From Group undertakings	1,131	840

Interest received from Group undertakings represents principally interest earned on term deposits and cash balances held by HSBC Bank plc, a fellow subsidiary of HSBC Holdings plc.

5(a) STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including Directors) during the year, analysed by category, was as follows:

	2008	2007
Management and Support	61	54
Client Facing Staff	263	372
	324	426

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5(a) STAFF NUMBERS AND COSTS (continued)

The aggregate payroll costs of these persons were as follows:

	2008	2007
	£000	£000
Wages and salaries	16,705	19,777
Social security costs	1,980	2,367
Other pension costs	1,815	1,543
Share based payments (Note 5(c))	272	284
Other staff costs	236	214
	21,008	24,185

5(b) EMPLOYEE BENEFITS

The majority of employees within the Company are members of the HSBC Bank (UK) Pension Scheme. This scheme comprises two elements; a fully funded defined benefit scheme and a defined contribution scheme which was established on 1 July 1996 for new employees.

With regards to the defined benefit scheme, the Company is unable to identify its share of the scheme assets and liabilities. As permitted by IAS 19 'Employee benefits', the scheme has been accounted for in these financial statements as if the scheme was a defined contribution scheme. Further information on the scheme, the actuarial valuations, and the existence of the surplus or deficit in the scheme is given in the financial statements of HSBC Holdings plc.

Included within the total pension costs shown above is a cost of £677,998 (2007:£442,105) in relation to the defined benefit section of the scheme and a cost of £1,136,651 (2007:£1,100,452) in relation to the defined contribution section of the scheme. There were no outstanding or prepaid contributions at the year end (2007: £NIL).

5(c) SHARE BASED PAYMENTS

During 2008, £272,306 was charged to the income statement in respect of share-based payment transactions (2007:£284,443).

Calculation of fair values

Fair values of equity instruments at date of grant are calculated using a binomial lattice model methodology that is based on the underlying assumptions of the Black-Scholes model. When modelling options/share awards with vesting dependent on the Group's Total Shareholder Return over a period, these performance targets are incorporated into the model using Monte-Carlo simulation. The expected life of options depends on the behaviour of option holders, which is incorporated into the option model consistent with historic observable data. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used.

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5(c) SHARE BASED PAYMENTS (continued)

The significant weighted average assumptions used to estimate the fair value of the options granted in 2008 were as follows:

	3 year Savings- Related Share Option Schemes	5 year Savings- Related Share Option Schemes
Risk-free interest rate ¹ (%)	4.5	4.5
Expected life ² (years)	3.0	5.0
Expected volatility ³ (%)	25.0	25.0

1. The risk-free rate was determined from the UK gilts yield curve for Group Share Option Plan awards and UK Savings-Related Share Option Schemes. A similar yield curve was used for the Overseas Savings-Related Share Option Schemes.
2. Expected life is not a single input parameter but a function of various behavioural assumptions.
3. Expected volatility is estimated by considering both historic average share price volatility and implied volatility derived from traded options over HSBC shares of similar maturity to those of the employee options.

Expected dividends are incorporated into the valuation model for options and shares, where applicable. The expected US dollar denominated dividend growth was determined to be 7 per cent for the first year (2007: 10 per cent for first 3 years) and 8 per cent thereafter (2007: 8 per cent), in line with consensus analyst forecasts.

The average share price for 2008 was £7.99 (2007: £9.03). The high mid-market price for the year was £9.28 and the low mid-market price was £6.12 (2007: £9.72 and £7.83 respectively).

The significant weighted average assumptions used to estimate the fair value of the options granted in 2007 were as follows:

	Group Share Option Plan	3 year Savings- Related Share Option Schemes	5 year Savings- Related Share Option Schemes
Risk-free interest rate ¹ (%)	4.6	5.51	5.35
Expected life ² (years)	7.8	3.0	5.0
Expected volatility ³ (%)	17.0	17.0	17.0

1. The risk-free rate was determined from the UK gilts yield curve for Group Share Option Plan awards and UK Savings-Related Share Option Schemes. A similar yield curve was used for the Overseas Savings-Related Share Option Schemes.
2. Expected life is not a single input parameter but a function of various behavioural assumptions.
3. Expected volatility is estimated by considering both historic average share price volatility and implied volatility derived from traded options over HSBC shares of similar maturity to those of the employee options.

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5(c) SHARE BASED PAYMENTS (continued)

HSBC Share Plan

The HSBC Share Plan was adopted by HSBC in 2005. For the Company this Plan comprises Achievement Share Awards only. The aim of the HSBC Share Plan is to align the interests of executives to the creation of shareholder value and recognise individual performance and potential. Awards are also made under this plan for recruitment and retention purposes.

HSBC Share Plan - Achievement Share Awards

Achievement shares are awarded to eligible employees after taking into account the employee's performance in the prior year. Shares are awarded without corporate performance conditions and are released to employees after three years providing the employees have remained continuously employed by HSBC for this period and are settled in cash. There is no exercise price.

	2008 No.	2007 No.
Outstanding at 1 January	61,109	34,112
Granted in the year	36,022	21,423
Exercised in the year	(20,973)	(296)
Lapsed/forfeited in the year	(6,292)	(954)
Transferred	(2,232)	6,824
Reinstated	389	-
Outstanding at 31 December	68,023	61,109

In 2008 36,022 (2007 21,423) shares were issued at a weighted average fair value of £247,176 (2007:£173,952). The charge to the income statement was £176,545 (2007:£132,880).

Savings-Related Share Option Plans

The Savings-Related Share Option Plans, which are equity settled, invite eligible employees to enter into savings contracts to save up to £250 per month, with the option to use the savings to acquire shares. The aim of the plan is to align the interests of all employees to the creation of shareholder value. The options are exercisable within six months following either the third or the fifth anniversary of the commencement of the savings contract depending on conditions set at grant. The exercise price is at a 20 per cent (2007:20 per cent) discount to the market value at the date of grant.

	2008 Number	2008 Weighted Average Exercise price	2007 Number	2007 Weighted Average Exercise price
Outstanding at 1 January	292,995	6.682	344,508	6.341
Granted in the year	105,323	6.816	93,793	7.090
Exercised in the year	(72,824)	5.750	(108,882)	5.842
Lapsed/forfeited in the year	(39,942)	6.719	(44,578)	6.884
Transferred	(27,963)	6.952	8,154	6.309
Outstanding at 31 December	257,589	6.966	292,995	6.682

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

5(c) SHARE BASED PAYMENTS (continued)

The weighted average fair value of options granted in the year as at the date of grant was £226,203 (2007:£186,630). The charge to the income statement was £101,921 (2007:£122,995).

The exercise price range for the options outstanding at the balance sheet date was £5.3496 - £7.6700 (2007:£5.3496 - £7.0900).

Group Share Option Plan

The Group Share Option Plan was a long-term incentive plan available to certain HSBC employees between 2000 and 2004. The aim of the plan was to align the interest of those employees assessed as higher performing to the creation of shareholder value. This was achieved by setting certain Total Shareholder Return targets which must normally be attained in order for the awards to vest. Options were granted at market value and are normally exercisable between the third and tenth anniversaries of the date of grant, subject to vesting conditions and are equity settled.

	2008 Number	2008 Weighted Average Exercise price	2007 Number	2007 Weighted Average Exercise price
Outstanding at 1 January	75,385	7.768	83,375	7.651
Granted in the year	-	-	-	-
Exercised in the year	(6,900)	(3.733)	(17,250)	6.901
Lapsed/forfeited in the year	(1,650)	8.283	(7,140)	8.187
Transferred	900	33.447	16,400	7.634
Outstanding at 31 December	67,735	9.268	75,385	7.768

The weighted average fair value of options granted in the year as at the date of grant was £NIL (2007:£NIL). The credit to the income statement was £6,160 (2007:£28,568 charge).

The exercise price range for the options outstanding at the balance sheet date was £6.9100 - £8.2830 (2007:£6.9100 - £8.2830).

6. FINANCIAL EXPENSES

	2008 £000	2007 £000
Interest expense on financial liabilities	37	-

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. REMUNERATION OF DIRECTORS

C Schnor and P P C Gregory were both employed and remunerated by parent undertakings. No charge was made for services provided to the Company. Details of other directors' emoluments are given below.

	2008 £000	2007 £000
Directors' emoluments	1,749	2,104
Company contributions to defined contribution schemes and defined benefit schemes	300	213
Share related awards	128	66
Compensation for loss of office	-	75

The aggregate emoluments of the highest paid director were £335,000 (2007: £329,000). In 2008 the highest paid director was a member of a defined benefit scheme. Pension contributions of £35,000 (2007: £40,000) were made to a defined benefit scheme (2007: to a defined contribution scheme) on his behalf. The highest paid director did not exercise share options in the year.

	No. of Directors 2008	No. of Directors 2007
Retirement benefits are accruing to the following number of Directors under:		
Defined benefit schemes	6	8
Defined contribution schemes	3	4

The number of directors who exercised share options in the year was 2 (2007: 7).

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION

Recognised in the income statement

	2008 £000	2007 £000
<i>Current tax expense</i>		
Current year	643	1,450
Adjustments in respect of prior year	263	(474)
	906	976
<i>Deferred tax charge / (credit)</i>		
Adjustment in respect of prior years	(228)	136
Origination and reversal of temporary differences	403	(140)
Effective tax rate change	-	2
Total tax in income statement	1,081	974

Reconciliation of effective tax rate

(Loss)/ Profit before tax	(6,749)	4,042
Tax using the UK corporation tax rate of 28.5% (2007: 30%)	(1,923)	1,213
<i>Effect of:</i>		
Non-deductible expenses	2,794	103
Temporary timing differences	175	(4)
Adjustments to deferred tax in respect of prior years	(228)	136
Under / (over) provided in prior years	263	(474)
Total tax in income statement	1,081	974

The 2007 Finance Act reduction in the UK corporation tax rate from 30 per cent to 28 per cent, enacted in 2007 but commencing in 2008, resulted in a one off re-measurement of the deferred tax asset and a charge of £NIL (2007: £2,000).

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8. TAXATION (continued)

Recognised directly in equity

	2008 £000	2007 £000
Current tax on share based payments	21	31
Deferred tax on share based payments	25	(99)
	46	(68)

9. PROPERTY, PLANT AND EQUIPMENT

	Fixtures, fittings & office equipment £000	Plant and Machinery £000	Total £000
<i>Cost:</i>			
Balance at 1 January 2007	189	237	426
Additions	37	197	234
Balance at 31 December 2007	226	434	660
<i>Cost:</i>			
Balance at 1 January 2008	226	434	660
Additions	74	142	216
Balance at 31 December 2008	300	576	876
<i>Depreciation:</i>			
Balance at 1 January 2007	133	152	285
Depreciation charge for the year	27	82	109
Balance at 31 December 2007	160	234	394
<i>Depreciation:</i>			
Balance at 1 January 2008	160	234	394
Depreciation charge for the year	34	118	152
Balance at 31 December 2008	194	352	546
<i>Net book value:</i>			
At 1 January 2007	56	85	141
At 31 December 2007 and 1 January 2008	66	200	266
At 31 December 2008	106	224	330

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENTS / ASSETS HELD FOR SALE

	Shares in Group Undertakings Total £000
Cost and Fair Value:	
At 1 January 2007	9,389
Additions	231
At 31 December 2007 and 1 January 2008	9,620
Provision for impairment	(9,515)
At 31 December 2008	105

Note 21 sets out the subsidiary undertakings of the Company as at 31 December 2008.

On 19 June 2005, the Company acquired 100% of the share capital of NHFA Limited for £9,000,000 comprising a cash sum of £820,000 and £8,180,000 in the form of floating rate Loan Notes. The additions in the preceding year relate to the contingent consideration paid following the acquisition of NHFA Limited, based on turnover exceeding thresholds. The total amount of this additional consideration is capped at £5,000,000.

In light of a downturn in the market and the trading results of NHFA for the year, the directors consider the carrying value of the investment in NHFA Limited to be impaired. A provision of £9,515,000 has been made and has been taken to profit and loss. It is shown on the income statement as net impairment loss on investment.

Assets classified as held for sale

On 30 January 2009 NHFA Limited was transferred to HSBC Bank plc for the consideration of £1. Accordingly the investment has been re-classified as an asset held for sale as at 31 December 2008.

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED TAX

Deferred Tax Asset

	Employee Benefits Share Based Payments £000	Property, Plant & Equipment Accelerated depreciation £000	Provisions £000	Total £000
At 1 January 2007	249	48	418	715
Recognised in the income statement	44	(3)	(39)	2
Recognised in equity	(99)	-	-	(99)
At 31 December 2007 and 1 January 2008	194	45	379	618
Recognised in the income statement	(165)	3	(13)	(175)
Recognised in equity	25	-	-	25
At 31 December 2008	54	48	366	468

A deferred tax asset has been recognised as it is probable that future taxable profits will be available against which the Company can utilise these benefits.

12. TRADE AND OTHER RECEIVABLES

	2008 £000	2007 £000
Trade receivables	9,977	11,520
Amounts owed by parent and other Group undertakings	280	27
Amounts owed by subsidiary undertakings	139	151
Other receivables	15	97
Prepayments and accrued income	778	636
	11,189	12,431

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. CASH AT BANK AND IN HAND

	2008 £000	2007 £000
Held by other Group undertakings	22,617	23,087

The principal banker to the Company and its subsidiaries is HSBC Bank plc, a fellow subsidiary of HSBC Holdings plc.

14. TRADE AND OTHER PAYABLES

Current liabilities	2008 £000	2007 £000
Trade payables	552	565
Amounts owed to parent and other Group undertakings	5,137	6,451
Other payables	1,203	1,473
Deferred consideration due to vendors of NHFA Limited	114	3,121
Accruals and deferred income	7,783	6,074
	14,789	17,684

Deferred consideration due to the vendors of NHFA Limited includes an amount of £NIL (2007: £2,570,000) in respect of floating rate Loan Notes issued in part satisfaction of the initial purchase price. The Loan Notes carried interest at the floating rate of 1/2% below bank base rates and were repaid in full in 2008. The amount outstanding at 31 December 2008 represents the balance of contingent deferred consideration due on Series 2 Loan Notes. These are payable on 31 March 2009 and bear interest at 1/2% below bank base rates.

15. PROVISIONS

	Compensation £000	Dilapidations £000	Total £000
At 1 January 2008	1,977	1,152	3,129
Release to the income statement	(1,373)	(157)	(1,530)
Charge to the income statement	1,074	-	1,074
Utilised in the year	(178)	-	(178)
At 31 December 2008	1,500	995	2,495
Current	1,500	52	1,552
Non-current	-	943	943

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

15. PROVISIONS (continued)

Compensation

In the normal course of its business the Company receives claims from clients and former clients. Management make provision for these claims based on their assessment of the claims, although the Company will continue to defend itself where management do not believe they are at fault. Individual claims may take many years to resolve.

Dilapidations

The Company leases properties on operating leases, which require that the tenant restore the condition of the building on its exit. Provision is made for these costs based on guidance from real estate managers who are employed within the HSBC Group. The last lease expires in 2016.

16. SHARE CAPITAL

	2008 £000	2007 £000
Authorised:		
Ordinary shares of £1 each	24,000	24,000
Issued:		
Issued share Capital	18,750	18,750

17. CONTINGENT LIABILITIES

Group Guarantees

Under 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 policyholders, 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.

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17. CONTINGENT LIABILITIES (continued)

Other Provisions

The Company may, in the normal course of conducting its businesses, receive claims for alleged negligence. It contests such claims vigorously and maintains substantial professional indemnity cover. Provisions include, where appropriate, the estimated cost of meeting any notified claims with amounts recoverable from insurers included in debtors.

Regulators

The Company in the normal course of business is in various discussions with its regulator the FSA. No material adverse impact on the financial position of the company is expected to arise from these discussions.

18. OPERATING LEASE COMMITMENTS

The commitments of the Company to operating lease rental payments are as follows:

	Land & Buildings		Other	
	2008	2007	2008	2007
	£000	£000	£000	£000
Expiry within one year	386	386	198	272
Expiry between two and five years	1,382	1,545	165	328
Expiry over five years	138	361	-	-
	1,906	2,292	363	600

During the year £652,000 was recognised as an expense in the income statement in respect of operating leases (2007:£742,000).

19. RELATED PARTIES

Identity of related parties

The Company has a related party relationship with its parent, with other Group undertakings, its subsidiaries (see note 21) and with its directors.

Transactions with directors

All information regarding directors' remuneration is provided in note 7. Directors also participate in the parent Group's share option scheme (see note 5c).

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

19. RELATED PARTIES (continued)

Transactions with subsidiaries

NHFA Limited is a subsidiary undertaking (see note 21). During the year the Company paid another group company for certain costs on behalf of NHFA Limited totalling £1,987,000 (2007: £1,754,000) which was then reimbursed by NHFA Limited. An amount of £138,000 (2007: £151,000) was due from NHFA Limited in respect of these costs at 31 December 2008.

Other related party transactions

The Company provided pension advisory and administration services to other Companies within the HSBC Group with total revenue of £1,775,000 (2007:£1,683,000). Services were received from Companies within the HSBC Group to a value of £10,441,000 (2007:£1,985,000). The Company made staff cost recharges to other Companies within the HSBC Group totalling £NIL (2007:£1,430,000). The balances outstanding at the end of the year can be found in notes 12 and 14.

The Company received banking services from HSBC Bank plc. These services were charged on an arm's length basis. Cash and cash equivalents held with HSBC Bank plc at 31 December 2008 amounted to £22,617,000 (2007: £23,087,000).

20. ULTIMATE HOLDING COMPANY

The Company's ultimate holding company is HSBC Holdings plc, which is incorporated in Great Britain and registered in England and Wales.

The smallest group which prepares accounts into which the results of HSBC Actuaries and Consultants Limited are consolidated is HSBC Bank plc. The largest group which prepares accounts into which the results of HSBC Actuaries and Consultants Limited are consolidated is HSBC Holdings plc. Copies of both these sets of accounts may be obtained from 8 Canada Square, London E14 5HQ.

21. SUBSIDIARY UNDERTAKINGS

The following companies, all of which are registered in England and Wales were subsidiaries of the Company at 31 December 2008:

	Activity	Proportion of Ordinary Share Capital Owned and Voting Rights Held %
Subsidiary Undertakings		
HSBC Gibbs Consulting Limited	Dormant	100%
Antony Gibbs Trustees Limited	Corporate trustee to Pension Schemes	100%
HSBC Gibbs Actuarial and Advisory Services Limited	Dormant	100%
LGA Trustees Limited	Dormant	100%
NHFA Limited	Provision of Financial Planning advice	100%

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

22. EQUITY

Reconciliation of movement in capital and reserves

	Share capital	Retained Earnings
Balance at 1 January 2007	18,750	2,754
Total recognised income and expense	-	3,068
Capital contribution in relation to share based payments	-	150
Current tax on share based payments	-	31
Deferred tax movements on share based payments	-	(99)
Balance at 31 December 2007 and 1 January 2008	18,750	5,904
Total recognised income and expense	-	(7,829)
Capital contribution in relation to share based payments	-	95
Current tax on share based payments	-	21
Deferred tax movements on share based payments	-	25
Balance at 31 December 2008	18,750	(1,784)

23. FINANCIAL RISK

The Company's risk management objectives and policies aim to mitigate specific financial risks where there is a possibility that any financial risk may lead to material changes in the Company's financial performance, position or cash flow. The Company has limited exposure to financial risk through its financial assets and financial liabilities. No hedging techniques are employed.

Liquidity Risk

Cash and cash equivalents are largely deposited with related parties in call or short term deposits, mitigating liquidity risk. Overall, liquidity risk is limited as the Company has significant liquid resources in excess of its day to day business requirements and scheduled repayment of debt.

Interest Rate Risk

The Company's exposure to interest rate risk on cash and cash equivalents is managed through investment in short term fixed interest deposits.

In respect of cash the effective interest rate was 2.35% at the balance sheet date (2007: 5.38%). At 31 December 2008, it is estimated that a general decrease of one percentage point would have decreased the Company's result by approximately £235k for the year ended 31 December 2008.

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL RISK (continued)

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. Credit and concentration risk is limited due to the excellent credit rating of the Company's parent and related parties with whom cash and cash equivalents are deposited.

At the balance sheet date the maximum exposure to credit risk is limited to the carrying amount of each financial asset in the balance sheet, as follows.

	2008 £000	2007 £000
Trade and other receivables	11,189	12,431
Cash and cash equivalents	22,617	23,087
At 31 December	33,806	35,518

The Company has no individual counterparties with a balance in excess of 10% of total receivables, excluding group companies.

Credit quality of trade receivables and impairment losses

The ageing of trade receivables at the balance sheet date was:

	Gross 2008 £000	Impairment 2008 £000	Gross 2007 £000	Impairment 2007 £000
Not past due	7,270	(219)	6,577	-
Past due (0 – 60 days)	2,548	(139)	3,707	-
Past due (61 – 150 days)	907	(498)	1,264	(283)
More than 150 days	817	(709)	1,650	(1,395)
At 31 December	11,542	(1,565)	13,198	(1,678)

When considering whether balances are impaired the Company considers any known financial difficulty of the customer, disputes with the counterparty and previous settlement history.

HSBC ACTUARIES AND CONSULTANTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

23. FINANCIAL RISK (continued)

Credit quality of trade receivables and impairment losses (continued)

The movement in the allowance or impairment in respect of trade receivables during the year was as follows:

	2008 £000	2007 £000
Balance at 1 January	1,678	1,410
Utilisation, release or increase in allowance or impairment	(113)	268
Balance at 31 December	1,565	1,678

Capital Management

The HSBC group-wide approach to capital management is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates.

The Company monitors its capital on an ongoing basis to ensure continuing compliance with the capital adequacy framework defined by the Financial Services Authority. The Company must at all times maintain capital resources equal to or in excess of its relevant capital resources requirement.