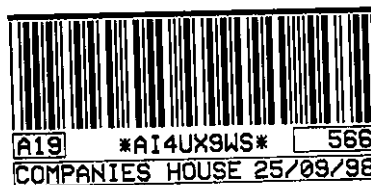


SWAN NATIONAL LEASING (COMMERCIALS)
LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1997



SWAN NATIONAL LEASING (COMMERCIALS) LIMITED
FINANCIAL STATEMENTS

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SWAN NATIONAL LEASING (COMMERCIALS) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1997

Principal activities

The Company did not trade during the period covered by this report.

Directors

The Directors of the Company at 31 December 1997 are set out below. Neither of the directors had an interest in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, as required to be disclosed under the Companies Act 1985, at either the date of appointment or at the end of the year.

Griffin Nominees Limited
F.T. Limited

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 shareholders 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 as at the end of the financial year and of the profit or loss for the financial year. The Directors are required to prepare the financial statements on the going concern basis unless it is not appropriate. Since the Directors are satisfied that the Company has resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a going concern basis.

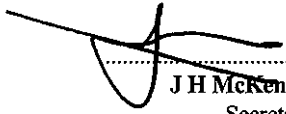
The Directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

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

The Directors have a 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.

Registered Office:
54 Hagley Road
Birmingham
B16 8PE

By Order of the Board


J H McKenzie
Secretary

Date:

15 SEP 1998

**REPORT OF THE AUDITORS TO THE MEMBERS OF SWAN NATIONAL LEASING
(COMMERCIALS) LIMITED**

We have audited the financial statements on pages 3 to 4.

Respective responsibilities of directors and auditors

As described on page 1 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 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 of the state of the Company's affairs at 31 December 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

21/9/98

KPMG Audit Plc
Chartered Accountants
Registered Auditor
2 Cornwall Street
Birmingham
B3 2DL

SWAN NATIONAL LEASING (COMMERCIALS) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

The Company did not trade during the year, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss.

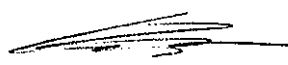
BALANCE SHEET AS AT 31 DECEMBER 1997

	Note	<u>1997</u> £000	<u>1996</u> £000
Current assets			
Amounts owed by parent undertakings		106	106
		-----	-----
NET ASSETS		106	106
		-----	-----
Capital and reserves			
Called up share capital	2	97	97
Capital redemption reserve		9	9
		-----	-----
		106	106
		-----	-----

The financial statements were approved by the Board of Directors on

and were signed on its behalf by:

15 SEP 1998



G H Tonks
For and on behalf of F.T.Limited
Director

SWAN NATIONAL LEASING (COMMERCIALS) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

1. **ACCOUNTING POLICIES**

The accounting policies adopted by the Company are set out below.

Basis of Preparation

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

In accordance with Financial Reporting Standard number 1 (revised 1996) "Cash Flow Statements", no cash flow statement is presented as all voting rights are controlled by HSBC Holdings plc which publishes such a statement in its own publicly available accounts.

The Company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard Number 8 "Related Party Disclosures" and has not disclosed details of transactions with entities that are part of the HSBC Group or with investees of that Group qualifying as related parties.

2. **SHARE CAPITAL**

	<u>1997</u> £000	<u>1996</u> £000
Authorised		
Ordinary shares of £1 each	107	107
	-----	-----
Allotted, called up and fully paid		
Ordinary shares of £1 each	97	97
	-----	-----

3. **PARENT UNDERTAKINGS**

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest Group of undertakings for which Group financial statements are drawn up and of which the Company is a member is HSBC Holdings plc, and the parent undertaking (which is also the immediate controlling undertaking) of the smallest such Group is Forward Trust Group Limited (formerly Forward Trust Limited). The immediate holding company is Swan National Limited (formerly Swan National Leasing Limited).

The result of the Company is included in the group financial statements of Forward Trust Group Limited (formerly Forward Trust Limited) and HSBC Holdings plc. Copies of the group financial statements may be obtained from the following addresses:

Forward Trust Group Limited
(formerly Forward Trust Limited)
12 Calthorpe Road
Edgbaston
Birmingham
B15 1QZ

HSBC Holdings plc
10 Lower Thames Street
London
EC3R 6AQ