

ASSETFINANCE SEPTEMBER (F) LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 2000



ASSETFINANCE SEPTEMBER (F) LIMITED

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ASSETFINANCE SEPTEMBER (F) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2000

Results

The results for the year ended 30 September 2000 are incorporated within the accompanying profit and loss account.

The Directors do not recommend the payment of a dividend.

Principal Activities

The Company undertakes leasing services for commercial and industrial customers in the public and private sectors. No change in the Company's activities is anticipated.

Directors

The Directors who served during the year were as follows:

| | <u>Appointed</u> | <u>Resigned</u> |
|-------------|------------------|-----------------|
| B Carney | 1 April 2000 | |
| D W Gilman | | |
| T V Holmes | | |
| G E Picken | | |
| N P Quinn | | 31 March 2000 |
| W G W Stein | | 31 March 2000 |

Directors' Interests

The Directors' interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, as required to be disclosed under the Companies Act 1985, are set out below.

| | <u>At 1 October 1999</u> <u>(or date of appointment)</u> | <u>At 30 September 2000</u> |
|------------|---|--|
| | Ordinary shares of US\$0.50 each | Ordinary shares of US\$0.50 each |
| B Carney | 24,623 | 27,296 |
| D W Gilman | 26,478 | 34,247 |
| T V Holmes | 11,652 | 10,897 |
| G E Picken | 18,911 | 56,195 |

ASSETFINANCE SEPTEMBER (F) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2000
(CONTINUED)

During the year options over shares were granted/exercised as follows:

| | Granted Ordinary shares of US\$0.50 each | Exercised Ordinary shares of US\$0.50 each |
|------------|--|--|
| B Carney | 5,750 | 3,207 |
| D W Gilman | 5,250 | 27,819 |
| T V Holmes | 5,749 | 13,500 |
| G E Picken | - | 24,000 |

Throughout the period B Carney held 2,103 Subordinated loan capital of £1 each carrying interest of 11.69% due for redemption in 2002.

Statement of Directors' Responsibilities in Relation to the Financial Statements

The following statement, which should be read in conjunction with the Auditor's statement of its responsibilities set out in its report on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditor 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 these 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 the 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.

ASSETFINANCE SEPTEMBER (F) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2000
(CONTINUED)

Supplier Payment Policy

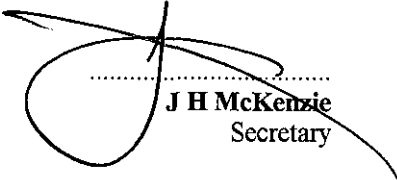
The Company subscribes to the Better Payment Practice Code for all suppliers, the four principles of which are to agree payment terms at the outset and stick to them; explain payment procedures to suppliers; pay bills in accordance with any contract agreed with the supplier or as required by law; and tell suppliers without delay when an invoice is contested and settle disputes quickly.

During the year, the Company only received goods and services from group undertakings. Part VI of Schedule 7 of the Companies Act 1985, setting out the reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Registered Office:
54 Hagley Road
Birmingham
B16 8PE

Date: **20 JUN 2001**

By Order of the Board



.....
J H McKenzie
Secretary

REPORT OF THE AUDITORS TO THE MEMBERS OF
ASSETFINANCE SEPTEMBER (F) LIMITED

We have audited the financial statements on pages 5 to 10.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of Audit Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 30 September 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

25/6/01

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

ASSETFINANCE SEPTEMBER (F) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2000

| | Note | 2000 £ | 1999 £ |
|---|------|--------------|-------------|
| Turnover | | 22,081,950 | 14,285,550 |
| Cost of sales | | (16,334,921) | (9,755,913) |
| Administrative expenses | 3 | (609,860) | (1,283,818) |
| Interest payable | 4 | (4,077,405) | (3,682,463) |
| Profit/(loss) on ordinary activities before taxation | | 1,059,764 | (436,644) |
| Tax (charge)/credit on profit/(loss) on ordinary activities | 5 | (317,827) | 167,933 |
| Profit/(loss) on ordinary activities after taxation | | 741,937 | (268,711) |
| Accumulated losses brought forward | | (1,909,110) | (1,640,399) |
| Accumulated losses carried forward | | (1,167,173) | (1,909,110) |

There were no material acquisitions and no discontinued operations during the year.

There have been no other recognised gains or losses other than the profit for the financial year as stated above.

ASSETFINANCE SEPTEMBER (F) LIMITED
BALANCE SHEET AS AT 30 SEPTEMBER 2000

| | Note | 2000 £ | 1999 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible fixed assets | 6 | 60,775,781 | 80,561,010 |
| Creditors: amounts falling due within one year: | | | |
| Amounts owed to parent undertakings | | 54,839,560 | 74,398,125 |
| Accruals and deferred income | | 2,844,565 | 2,921,624 |
| | | <u>57,684,125</u> | <u>77,319,749</u> |
| Total assets less current liabilities | | 3,091,656 | 3,241,261 |
| Provisions for liabilities and charges | 7 | <u>4,257,829</u> | <u>5,149,371</u> |
| NET LIABILITIES | | <u>(1,166,173)</u> | <u>(1,908,110)</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 1,000 | 1,000 |
| Profit and loss account - deficit | | <u>(1,167,173)</u> | <u>(1,909,110)</u> |
| | | <u>(1,166,173)</u> | <u>(1,908,110)</u> |

These financial statements were approved by the Board of Directors on
signed on its behalf by:

20 JUN 2001 and were


.....
D W Gilman
Director

ASSETFINANCE SEPTEMBER (F) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

a) **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 "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.

b) **Income Release**

Leasing

Income from leasing contracts, other than those with major recourse or other similar agreements, is credited to the profit and loss account in proportion to the funds invested.

Where leasing contracts are covered by major recourse or other similar agreements, income is released to maintain the book amount of the asset at a value consistent with the contractual arrangements.

Leasing balances are stated in the balance sheet after the deduction of unearned charges and provision for reduced future rentals.

c) **Turnover**

Turnover represents the amounts (excluding Value Added Tax) derived from operating leases. This business is operated entirely within the United Kingdom.

d) **Bad Debts**

Lease agreements in debtors are written off to the extent that there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their expected realisable values. General provisions are made on the basis of past experience, current economic conditions and other relevant factors to provide for losses not yet specifically identified.

e) **Taxation**

The charge for taxation is based on the profit for the year and recognises deferred taxation, calculated on the liability method, on all timing differences to the extent that they are expected to reverse in the foreseeable future without being replaced, calculated at the rate at which it is estimated that tax will be payable. The Company is able to participate in arrangements whereby tax losses may be surrendered for nil consideration by other group undertakings, which will support any residual liability.

ASSETFINANCE SEPTEMBER (F) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

1. **ACCOUNTING POLICIES (Continued)**

f) **Tangible Fixed Assets and Depreciation**

Fleet vehicles are depreciated over the period of the relevant hirer's rental contract to an estimated residual value on an actuarial basis to reflect the interest expense to the Company. This depreciation charge is included within cost of sales in the profit and loss account.

2. **ACCUMULATED LOSSES**

The accumulated losses being greater than the called up share capital gives rise to there being an excess of liabilities over assets. The financial statements have been prepared under the going concern concept because the parent undertaking has agreed to provide adequate funding for the Company to meet its liabilities as they fall due.

3. **ADMINISTRATIVE EXPENSES**

Administrative expenses include movements in bad debt provisions and £650,942 (1999: £1,177,647) in respect of group management charges. The Directors made no charge for their services. Audit fees are borne by another group undertaking.

4. **INTEREST PAYABLE**

All interest payable was due to parent undertakings.

5. **TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

| | | |
|---|-----------|-------------|
| The charge/(credit) for taxation comprises: | 2000 | 1999 |
| | £ | £ |
| Group relief payable/(receivable) | | |
| - current year | 1,209,472 | (2,294,719) |
| - prior year | (103) | 577 |
| Deferred taxation | | |
| - current year | (891,542) | 2,126,209 |
| | ----- | ----- |
| | 317,827 | (167,933) |
| | ----- | ----- |

ASSETFINANCE SEPTEMBER (F) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

6. **TANGIBLE FIXED ASSETS**

Operating lease assets

| | |
|-------------------------------------|-------------|
| Cost | £ |
| At 1 October 1999 | 91,936,391 |
| Additions | 736,840 |
| Disposals | (6,157,951) |
| | ----- |
| At 30 September 2000 | 86,515,280 |
| | ----- |
| Depreciation | |
| At 1 October 1999 | 11,375,381 |
| Charge for the year | 16,334,920 |
| Disposals | (1,970,802) |
| | ----- |
| At 30 September 2000 | 25,739,499 |
| | ----- |
| Net book value at 30 September 2000 | 60,775,781 |
| | ----- |
| Net book value at 30 September 1999 | 80,561,010 |
| | ----- |

The depreciation charge for the year is included within cost of sales in the profit and loss account.

7. **PROVISIONS FOR LIABILITIES AND CHARGES**

| | |
|---|---------------------------|
| | Deferred taxation £ |
| Leasing transactions - provided and full potential liability: | |
| As at 1 October 1999 | 5,149,371 |
| Transfer to profit and loss account | (891,542) |
| | ----- |
| As at 30 September 2000 | 4,257,829 |
| | ----- |

ASSETFINANCE SEPTEMBER (F) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

8. **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

| | 2000 | 1999 |
|--|-------------|-------------|
| | £ | £ |
| Profit/(loss) on ordinary activities after taxation | 741,937 | (268,711) |
| Opening shareholders' funds - deficit | (1,908,110) | (1,639,399) |
| Closing shareholders' funds - deficit | (1,166,173) | (1,908,110) |

Shareholders' funds are wholly attributable to equity shareholders.

9. **SHARE CAPITAL**

| | 2000 | 1999 |
|------------------------------------|-------|-------|
| | £ | £ |
| Authorised | | |
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |
| Allotted, called up and fully paid | | |
| 1,000 Ordinary shares of £1 each | 1,000 | 1,000 |

10. **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 of the smallest such group is HSBC Bank plc. The immediate holding company is HSBC Vehicle Finance (UK) Limited. The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
27 - 32 Poultry
London
EC2P 2BX

HSBC Holdings plc
10 Lower Thames Street
London
EC3R 6AE