

**BENEFICIAL LIMITED**

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

Company registered number  
829505



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Beneficial Limited

## **Directors' Report**

The Directors present their report together with the unaudited financial statements of the Company for the year ended 31 December 2002.

### **Principal activities**

The Company has not traded during the year.

### **Business review**

The Directors believe that the Company will not trade for the foreseeable future.

On 14 November 2002 it was announced that HSBC Holdings plc intended to acquire Household International, Inc., the ultimate parent company. In the event that the acquisition is completed, the Company will become a member of HSBC Holdings plc group.

The Directors do not recommend the payment of a dividend (2001 £Nil).

### **Directors and their interests**

The Directors of the Company who served during the year were:-

A R Hill  
R V Lovering

None of the Directors had at any time during the year any disclosable interest in the shares or loan stock of the Company or any Group Company incorporated within Great Britain.

### **Auditors**

For the year ended 31 December 2002, the Company was entitled to exemption from audit under section 249AA and 249B of the Companies Act 1985.

### **Statement of Directors' responsibilities**

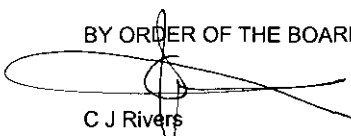
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In preparing the 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; and state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BY ORDER OF THE BOARD

  
C J Rivers  
Secretary  
12 March 2003

North Street,  
Winkfield,  
Windsor,  
Berkshire SL4 4TD

**Balance Sheet**

31 December	Notes	2002 £000	2001 £000
NET ASSETS		<u>0</u>	<u>0</u>
CAPITAL AND RESERVES			
Called-up share capital	2	196,000	196,000
Capital reserve		32,500	32,500
Profit and loss account		(228,500)	(228,500)
TOTAL EQUITY SHAREHOLDERS FUNDS		<u>0</u>	<u>0</u>

## The Directors:

(a) confirm that the Company was entitled to exemption under subsection (1) of section 249AA of the Companies Act 1985 from the requirement to have its accounts for the financial year ended 31 December 2002 audited.

(b) confirm that members have not required the Company to obtain an audit of its accounts for that financial year in accordance with subsection (2) of section 249B of that Act.

(c) acknowledge their responsibilities for:

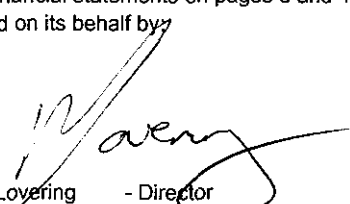
(i) ensuring that the Company keeps proper accounting records which comply with section 221 of the Companies Act 1985, and

(ii) preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of section 226 of that Act, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the Company.

**Profit and Loss Account**

During the financial year and the preceding year the Company did not trade and received no income and incurred no expenditure. Consequently, during those years the Company made neither a profit or a loss.

The financial statements on pages 3 and 4 were approved by the Board of Directors on 12 March 2003 and were signed on its behalf by

  
R.V. Lovering - Director

The notes on page 4 form an integral part of these financial statements

**Notes to the Financial Statements****1 Principal accounting policies**

A summary of the accounting policy is set out below, which has been applied consistently throughout both this year and the preceding year.

**Basis of preparation**

The financial statements have been prepared on the historical cost basis of accounting and in accordance with applicable Accounting Standards. Under the provisions of Financial Reporting Standard 1 (Revised 1996), the Company has not prepared a cash flow statement because its ultimate holding company, Household International, Inc., which is incorporated in the United States of America, has prepared consolidated accounts including a cash flow statement which include the results of the Company for the year end. Historical cost profit is not materially different to the Company profit on ordinary activities before and after taxation.

**2 Share capital**

2002	2001
£000	£000

Authorised:-

300,000,000 Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
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Issued, allotted, and fully paid up:-

196,000,000 Ordinary £1 shares	<u>196,000</u>	<u>196,000</u>
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**3 Share capital**

2002	2001
£000	£000

Capital reserve

At 1 January and 31 December	<u>32,500</u>	<u>32,500</u>
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Profit and loss account

At 1 January and 31 December	<u>(228,500)</u>	<u>(228,500)</u>
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**4 Holding company**

The Company's immediate holding company is Household International Europe Limited (formerly Household International (U.K.) Limited). The ultimate holding and controlling company and the largest group in which Beneficial Limited is consolidated is Household International, Inc. which is incorporated in the State of Delaware, United States of America. The smallest group in which they are consolidated is that headed by Household International Europe Limited which is registered in England and operates in the United Kingdom. The consolidated accounts of these groups are available at North Street, Winkfield, Windsor, Berkshire, SL4 4TD.

Beneficial Limited is registered in England.