

ASSETFINANCE DECEMBER (F) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2009

THURSDAY



LHTRTNUW

L17

30/09/2010

353

COMPANIES HOUSE

ASSETFINANCE DECEMBER (F) LIMITED

Contents	Page
Directors' Report	1
Independent Auditors' Report to the members of Assetfinance December (F) Limited	5
Income statement	6
Statement of comprehensive income	6
Statement of financial position	7
Statement of cash flows	8
Statement of changes in equity	9
Notes	10

ASSETFINANCE DECEMBER (F) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2009

Business Review

Assetfinance December (F) Limited ("the company") is a company incorporated in the United Kingdom

The main objective of the company is to lease assets to third party lessees for an agreed term under finance and operating lease arrangements. During the year the company continued to manage the leasing transactions underwritten in previous years.

In addition, the company is a subsidiary of a parent HSBC Asset Finance (UK) Limited, which acts as an agent and provides agency services, charging an annual management fee to the company. The services provided by the agent are to seek new business, to negotiate and to agree terms and to arrange the execution of all lease documents on behalf of the company. The agent maintains accurate accounting and other records such as borrowing funds and settlement of all invoices relating to the services.

The business is funded by a parent undertaking through equity investment and borrowing.

The company has no employees. Services required are provided by fellow HSBC Group companies.

The Company has no stakeholders other than its parent company.

Risk Management

The Company's principal risks are described in note 11.

Performance

The company's results for the year under review are as detailed in the income statement shown in these accounts.

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. Details of anticipated impacts are set out in Note 8 to the financial statements.

The key performance indicator used by management in assessing the performance of the company is the monitoring of actual cashflows in comparison with the planned cashflows determined at the inception of the lease transactions. Its performance is also measured by reference to its net income as a percentage of the net cash investment in finance and operating leases less related tax balances (deferred and current tax). Monthly management accounts are prepared and reviewed by the management of the HSBC business in which this company resides.

ASSETFINANCE DECEMBER (F) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2009 (CONTINUED)

Future Developments

New business prospects will reflect any changes in the regulatory regime. The taxation of leasing transactions has been revised by HM Revenue & Customs to the extent that amongst other things, lessees rather than lessors are able to obtain tax allowances in respect of certain leased assets. The impact upon third parties' appetite for leasing transactions remains unclear in light of the changes in corporation tax rates and proposals to amend the capital allowance regime.

Dividends

The Directors recommend the payment of a dividend of £415,470 in respect of the year ended 31 December 2009 (2008: £nil). Dividend payments will be reflected in the financial statements in the year in which they are paid.

Directors

The directors who served during the year were as follows:

Name	Appointed
M J Brookes	
M J Russell-Brown	
N P Quinn	
A T Rigby	9 June 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.

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 suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

During the year, the company received goods and services from group undertakings only. Part 5 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

ASSETFINANCE DECEMBER (F) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2009 (CONTINUED)

Capital management

The company has no externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis

The group's capital resources policy is to maintain its capital base through the diversification of its sources of capital and the efficient allocation of capital. It seeks to maintain at all times a prudent relationship between its total capital, as measured according to the criteria used by the FSA for supervisory purposes, and the varied risks of its business.

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 auditors are unaware, and the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

Auditors

KPMG Audit Plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Going concern basis

The financial statements are prepared on a going concern basis, as the directors are satisfied that the company has the resources to continue in business for the foreseeable future. In making this assessment, the directors have considered a wide range of information relating to present and future conditions.

Statement of directors' responsibilities in respect of the Directors' Report and the 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 auditors 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 International Financial Reporting Standards ('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 2006 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.

ASSETFINANCE DECEMBER (F) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2009 (CONTINUED)

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements (continued)

In preparing these 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 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

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 2006. 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.

By order of the Board



M J Brookes

Director

Date 24 September 2010

Registered office
8 Canada Square
London
E14 5HQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ASSETFINANCE DECEMBER (F) LIMITED

We have audited the financial statements of Assetfinance December (F) Limited for the year ended 31 December 2009 set out on pages 6 to 20. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' 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

As explained more fully in the Statement of Directors' Responsibilities set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

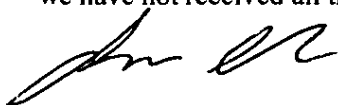
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Simon Clark (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Snowhill, Snow Hill Queensway
Birmingham, B4 6GH

24 SEPT 2010

ASSETFINANCE DECEMBER (F) LIMITED
INCOME STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2009

	Note	<u>2009</u>	<u>2008</u>
		£	£
Revenue			
Finance lease income		5,300,414	2,363,560
Operating lease income		391,433	873,888
Cost of sales		(297,968)	(933,035)
Finance Costs Interest payable	3	<u>(3,328,602)</u>	<u>(1,493,519)</u>
		2,065,277	810,894
Administrative expense	2	<u>(1,375,125)</u>	<u>(1,001,331)</u>
Profit/(loss) before tax		690,152	(190,437)
Tax (expense)/credit	4	<u>(191,452)</u>	<u>107,207</u>
Profit/(loss) for the year		<u>498,700</u>	<u>(83,230)</u>

There were no acquisitions, discontinuing or discontinued operations during the year

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2009

There has been no comprehensive income or expense other than the profit for the year as shown above (2008 £nil)

ASSETFINANCE DECEMBER (F) LIMITED
STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2009

	Note	2009 £	Restated Note 1(a) 2008 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,037,231	704,514
Current assets			
Finance lease receivables	6	94,887,804	81,068,480
Value added tax		-	3,113,366
Prepayments and accrued income		-	2,819
Current tax assets		55,780	2,814,044
		<u>94,943,584</u>	<u>86,998,709</u>
Total assets		<u>96,980,815</u>	<u>87,703,223</u>
LIABILITIES AND EQUITY			
Current liabilities			
Amounts owed to parent undertakings	7	88,577,205	80,461,245
Value added tax		398,742	-
Accruals and deferred income		16,958	-
		<u>88,992,905</u>	<u>80,461,245</u>
Non-current liabilities			
Deferred tax	8	5,072,440	4,825,208
Total liabilities		<u>94,065,345</u>	<u>85,286,453</u>
Equity			
Called up share capital	9	2,500,000	2,500,000
Retained earnings/(deficit)		415,470	(83,230)
Total equity		<u>2,915,470</u>	<u>2,416,770</u>
Total liabilities and equity		<u>96,980,815</u>	<u>87,703,223</u>

These financial statements were approved by the Board of Directors on 24 September 2010
and were signed on its behalf by



M J Brookes
Director

Company Registered Number 957327

ASSETFINANCE DECEMBER (F) LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2009

	<u>2009</u>	<u>Restated</u> <u>Note 1(a)</u> <u>2008</u>
	£	£
Cash flows from operating activities		
Profit/(loss) before tax	690,152	(190,437)
Adjustments for		
Depreciation	297,969	737,621
Loss on disposal of property, plant and equipment	-	195,414
Provisions raised	476,331	503,066
Change in operating assets	(14,292,837)	(57,613,751)
Change in other receivables	3,529,067	(4,083,754)
Tax received/(paid)	2,814,044	(951,607)
Net cash from operating activities	<u>(6,485,274)</u>	<u>(61,403,448)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,630,686)	(723,812)
Proceeds from sale of equipment	-	1,678,730
Net cash from investing activities	<u>(1,630,686)</u>	<u>954,918</u>
Cash flows from financing activities		
Received from parent undertaking	8,115,960	60,867,658
Dividends paid	-	(419,128)
Net cash from financing activities	<u>8,115,960</u>	<u>60,448,530</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents brought forward	-	-
Cash and cash equivalents carried forward	<u>-</u>	<u>-</u>

ASSETFINANCE DECEMBER (F) LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR
ENDED 31 DECEMBER 2009

	<u>2009</u>	<u>2008</u>
	£	£
Called up share capital		
Balance brought forward and carried forward	2,500,000	2,500,000
Retained earnings		
Balance brought forward	(83,230)	419,128
Profit/(loss) for the year	498,700	(83,230)
Total comprehensive income/(expense) for the year	498,700	(83,230)
Dividend paid	-	(419,128)
Balance carried forward	415,470	(83,230)
Total shareholders' equity		
Balance brought forward	2,416,770	2,919,128
Total comprehensive income/(expense) for the year	498,700	(83,230)
Dividend paid	-	(419,128)
Balance carried forward	2,915,470	2,416,770

Shareholders' equity is wholly attributable to equity shareholders

ASSETFINANCE DECEMBER (F) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a) Basis of preparation

The financial statements are presented in sterling and have been prepared on the historical cost basis

The company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU') EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at this point in time, new or amended IFRSs have not been endorsed by the EU At 31 December 2009, there were no unendorsed standards effective for the year ended 31 December 2009 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the company Accordingly, the company's financial statements for the year ended 31 December 2009 are prepared in accordance with IFRSs as issued by the IASB

During the year the company adopted IAS 1 'Presentation of Financial Statements' ('IAS 1') (revised 2007) This standard aims to improve users' ability to analyse and compare information given in financial statements The adoption of the revised standard has no effect on the results reported in the financial statements It does, however, result in certain presentational changes in the company's separate financial statements including

- the presentation of all items of income and expenditure in a financial statement, the 'Statement of comprehensive income', and

- the presentation of the 'Statement of changes in equity' as a financial statement replaces the previous 'Reconciliation of movement in equity' note on the financial statements

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body

At 31 December 2009, the company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU There are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective for the year ended 31 December 2009 that have not already been adopted by the company

No standards or interpretations available for early adoption are expected to have a significant effect on the results or net assets of the company when adopted

The comparative information for the prior year has been restated so as to show separately in the Statement of Financial Position current tax assets Previously these amounts, which are received by a group entity on behalf of the company, were included within amounts owed to parent undertakings This resulted in £2,814,044 being reclassified from amounts owed to parent undertakings to current tax assets therefore there was an impact on current assets, total assets, current liabilities and total liabilities and equity The comparative statement of cash flows has been adjusted accordingly

The accounting policies set out below have been applied consistently to all periods presented

ASSETFINANCE DECEMBER (F) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (continued)

b) Income recognition

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of the assets, but not necessarily legal title, are classified as finance leases. They are recorded at an amount equal to the net investment in the lease less any impairment provisions, within finance lease receivables.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. The difference between the gross investment in the lease and the net investment in the lease is recorded as unearned finance income.

Income from finance leases is recognised over the periods of the leases so as to give a constant rate of return on the net investment in the leases.

Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

The fair value of fixed rate finance lease receivables is calculated by discounting future minimum lease receivables, using equivalent current interest rates.

Regional development grants are recognised in the income statement over the period of the lease and in proportion to the net investment.

Income from operating leases is recognised on a straight-line basis over the lease term.

c) Income Tax

Income tax comprises current tax and deferred tax and is recognised in the income statement.

Current tax is the tax expected to be payable on the taxable profit for the year, calculated using tax rates enacted or substantively enacted by the end of the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when Assetfinance December (F) Limited intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when HSBC has a legal right to offset.

ASSETFINANCE DECEMBER (F) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (continued)

d) Property, plant and equipment

Operating lease assets are depreciated over the period of the relevant hirer's rental contract to an estimated residual value on a straight-line basis. This depreciation charge is included within cost of sales in the income statement. Impairment losses are recognised to the extent that residual values are not fully recoverable and the carrying value of the asset is thereby impaired.

e) Lease impairment

Finance lease assets are written off to the extent that there is no realistic prospect of recovery.

The company recognises losses for impaired balances promptly where there is objective evidence that impairment of an asset or portfolio of assets has occurred.

Individually assessed impairment losses are calculated by comparing the present value of the expected future cash flows, discounted at the original effective interest rate with its carrying value and the amount of any loss charged in the income statement.

Collectively assessed impairment losses are calculated on the basis of past experience, current economic conditions and other relevant factors to provide for losses not yet specifically identified.

f) Cash and cash equivalents

Inter company transactions are accounted for as financing activities.

g) Revenue

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

h) Related party transactions

A parent undertaking acts as a treasury function, providing funding for the company through an inter-company current account. This is reflected in the statement of financial position, as amounts owed to parent undertakings. Interest on this balance is charged on a cost basis. Related party transactions are detailed in their respective notes.

ASSETFINANCE DECEMBER (F) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (continued)

i) Use of assumptions and estimates

When preparing the financial statements, it is the directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent

The accounting policies that are deemed critical to the company's IFRS results and financial position, in terms of the materiality of the items to which the policy is applied, or which involve a high degree of judgement and estimation, are

Impairment of loans

The company's accounting policy for losses in relation to the impairment of finance lease receivables is described in Note 1(e) Impairment is calculated on the basis of discounted estimated future cash flows

Impairment of property, plant and equipment

The company's accounting policy for impairment of property, plant and equipment is described in Note 1(d) Impairment is calculated on the basis of current and expected future market conditions

j) Fair values

Fair values are calculated by discounting future cash flows on financial instruments, using equivalent current interest rates

2 ADMINISTRATIVE EXPENSE

Administrative expenses include £898,794 (2008 £498,266) in respect of group management charges payable to a parent undertaking As in 2008, auditor's remuneration has been borne by a group undertaking and is therefore not charged in arriving at the profit before tax The directors made no charge for their services The company has no employees and hence no staff costs (2008 £nil)

3 INTEREST PAYABLE

All interest payable was due to a parent undertaking

ASSETFINANCE DECEMBER (F) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

4 TAX EXPENSE/ (CREDIT)

	<u>2009</u>	<u>2008</u>
	£	£
Current tax		
UK corporation tax		
- on current year profit	(55,780)	(2,814,044)
- adjustments in respect of prior periods	-	(7,154)
	<u>(55,780)</u>	<u>(2,821,198)</u>
Total current tax		
Deferred tax		
- origination of temporary differences	247,232	2,707,315
- adjustments in respect of prior periods	-	6,676
	<u>247,232</u>	<u>2,713,991</u>
Total deferred tax	(Note 8)	
Total tax expense/(credit)	<u>191,452</u>	<u>(107,207)</u>

The UK corporation tax rate applying to Assetfinance December (F) Limited was 28% (2008 28.5%)

The following table reconciles the tax expense/(credit)

	<u>2009</u>	%	<u>2008</u>	%
	£		£	
Taxation at UK corporation tax rate of 28% (2008 28.5%)	193,243	28.0%	(54,269)	28.5%
Effects of				
Income not taxable for tax purposes	(1,791)	(0.3%)	(4,378)	2.3%
Adjustments in respect of prior period liabilities	-	-	(478)	0.2%
Other items	-	-	(48,082)	25.2%
	<u>191,452</u>		<u>(107,207)</u>	
Overall tax expense/(credit)		27.7%		56.2%

ASSETFINANCE DECEMBER (F) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

5 PROPERTY, PLANT AND EQUIPMENT

Operating lease assets	<u>2009</u>	<u>2008</u>
	£	£
<u>Cost</u>		
Brought forward	723,812	11,721,179
Additions	1,630,686	723,812
Disposals	-	(11,721,179)
Carried forward	<u>2,354,498</u>	<u>723,812</u>
<u>Depreciation</u>		
Brought forward	19,298	9,128,711
Charge for the year	297,969	737,621
Disposals	-	(9,847,034)
Carried forward	<u>317,267</u>	<u>19,298</u>
Net book value carried forward	<u>2,037,231</u>	<u>704,514</u>
Net book value brought forward	<u>704,514</u>	<u>2,592,468</u>

	<u>2009</u>	<u>2008</u>
	£	£
Future minimum lease payments receivable under non-cancellable operating leases		
No later than one year	491,682	144,111
Later than one year and no later than five years	1,538,703	563,655
	<u>2,030,385</u>	<u>707,766</u>

Aggregate operating lease rentals receivable in the year	<u>391,433</u>	<u>873,888</u>
Loss on disposal of property, plant and equipment	<u>-</u>	<u>(195,414)</u>

The depreciation charge and loss on disposal of property, plant and equipment is included within cost of sales in the income statement

The company leases vehicles to customers under operating lease agreements

ASSETFINANCE DECEMBER (F) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

6 FINANCE LEASE RECEIVABLES

The company leases vehicles, plant and machinery to customers under finance lease agreements

	<u>2009</u>	<u>2008</u>
	£	£
Gross investment in finance leases		
Amounts falling due		
No later than one year	24,638,104	22,179,380
Later than one year and no later than five years	80,108,993	63,885,208
Later than five years	<u>3,664,797</u>	<u>7,558,128</u>
Gross investment in finance leases	108,411,894	93,622,716
Unearned finance income	(12,777,830)	(11,979,965)
Impairment provisions	<u>(746,260)</u>	<u>(574,271)</u>
Net investment in finance leases less provisions	<u>94,887,804</u>	<u>81,068,480</u>
Amortisation of finance lease receivables:		
No later than one year	22,689,345	17,635,805
Later than one year and no later than five years	68,744,565	56,250,693
Later than five years	<u>3,453,894</u>	<u>7,181,982</u>
Present value of minimum lease receivables	<u>94,887,804</u>	<u>81,068,480</u>
 Fair value of amounts receivable under finance leases	 <u>96,815,107</u>	 <u>81,737,390</u>
Contingent rents payable in respect of interest variation included in Revenue	<u>(58,029)</u>	<u>(10,900)</u>
 Aggregate finance lease rentals receivable in the year	 <u>23,639,525</u>	 <u>8,379,942</u>

7 AMOUNTS OWED TO PARENT UNDERTAKINGS

Amounts owed to parent undertakings have no fixed date for repayment and are therefore technically repayable on demand. They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value.

ASSETFINANCE DECEMBER (F) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

8 DEFERRED TAX

	<u>2009</u>	<u>2008</u>
	£	£
As at 1 January	4,825,208	2,111,217
Charge to income statement (Note 4)	247,232	2,713,991
	<hr/>	<hr/>
As at 31 December	5,072,440	4,825,208
	<hr/>	<hr/>

The amount of deferred taxation accounted for in the statement of financial position

Deferred tax liabilities	<u>2009</u>	<u>2008</u>
	£	£
Assets leased to customers	5,072,440	4,825,208
	<hr/>	<hr/>

Leasing transactions temporary differences relate principally to accelerated capital allowances and depreciation

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011. The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011. This will reduce the company's future current tax charge accordingly. If the rate change from 28% to 27% had been substantively enacted on or before the end of the reporting period and remained in place for the foreseeable future, it would have had the effect of reducing the deferred tax liability recognised at that date by £181,159. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liabilities accordingly.

9 SHARE CAPITAL

	<u>2009</u>	<u>2008</u>
	£	£
Authorised		
5,000,000 Ordinary shares of £1 each	5,000,000	5,000,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
2,500,000 Ordinary shares of £1 each	2,500,000	2,500,000
	<hr/>	<hr/>

ASSETFINANCE DECEMBER (F) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

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 Equipment 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
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

11 RISK MANAGEMENT

Credit risk

Credit risk is managed within the overall framework of HSBC policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis. The directors are responsible for the quality of the credit portfolios and follow a credit process involving delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings and it is therefore not considered appropriate to disclose quantitative data about exposure to that risk.

The maximum exposure to credit risk is consistent with the carrying values of financial assets.

No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets may be recoverable in case of default.

There are no significant concentrations of risk in the company.

ASSETFINANCE DECEMBER (F) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

11 RISK MANAGEMENT (continued)

Credit quality analysis:

	<u>2009</u>	<u>2008</u>
	£	£
Gross finance lease receivables.		
Neither past due nor impaired	94,412,053	80,345,302
Impaired	1,222,011	1,297,449
	<u>95,634,064</u>	<u>81,642,751</u>

There are no amounts classified as past due, as all finance lease receivables are paid to the company from a parent undertaking treasury function on the due dates until considered not collectable. Any amounts that are past due are reflected in the financial statements of that parent undertaking.

Movement in allowance accounts for total loans and advances

	<u>2009</u>		<u>2008</u>	
	Individually assessed	Collectively assessed	Individually assessed	Collectively assessed
	£	£	£	£
At 1 January	484,077	90,194	32,738	58,990
Amounts written off	(304,342)	-	(20,523)	-
Charge to income statement	418,152	58,179	471,862	31,204
At 31 December	<u>597,887</u>	<u>148,373</u>	<u>484,077</u>	<u>90,194</u>

ASSETFINANCE DECEMBER (F) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

11 RISK MANAGEMENT (continued)

Liquidity risk

The company's assets are funded by borrowing from a parent undertaking, which acts as a treasury function. This funding has no fixed date for repayment, although the treasury function provides funds as required. The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities at the end of each reporting period.

	<u>On</u> <u>demand</u> £	<u>Due</u> <u>within</u> <u>3 months</u> £	<u>Total</u> £
31 December 2009			
Amounts owed to parent undertakings	88,577,205	-	88,577,205
Value added tax	-	398,742	398,742
Accruals and deferred income	-	16,958	16,958
	<u> </u>	<u> </u>	<u> </u>

31 December 2008

Amounts owed to parent undertakings	<u>80,461,245</u>	<u>-</u>	<u>80,461,245</u>
-------------------------------------	-------------------	----------	-------------------

Interest rate risk

Interest rate risk on fixed rate lending is managed at a group level by matching with equivalent fixed rate borrowings, with interest recharged to the company at cost, after taking any group level risk management into account. A sensitivity analysis is therefore not considered appropriate.

Analysis of fixed and floating rate financial assets

	<u>2009</u> £	<u>2008</u> £
Fixed rate	93,525,800	79,169,696
Floating rate	1,362,004	1,898,784
	<u>94,887,804</u>	<u>81,068,480</u>