

Registered No 980554

HSBC INTERNATIONAL FINANCIAL SERVICES
(UK) LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2009

WEDNESDAY



A602PNMG

A06

22/09/2010

269

COMPANIES HOUSE

HSBC INTERNATIONAL FINANCIAL SERVICES (UK) LIMITED

Contents	Page
Directors' Report	1
Independent Auditors' Report to the members of HSBC International Financial Services (UK) Limited	3
Income statement	4
Statement of comprehensive income	4
Statement of financial position	4
Statement of cash flows	5
Statement of changes in equity	5
Notes	6 - 9

HSBC INTERNATIONAL FINANCIAL SERVICES (UK) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2009

Principal activities

The company continued in the roles of General Partner and Director of the HSBC Capital Funding 1 (UK) Limited Partnership. This Partnership was established to hold 7.75% Subordinated Notes due 2040 and Floating Rate Subordinated Loan due 2012 issued by HSBC Bank plc's Paris branch.

Results and dividends

The company did not trade during the year and made neither a profit nor a loss during the year under review. The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2009 (2008: £nil).

Directors

The Directors who served during the year were as follows:

D J Clements
A J Huke

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

During the year, the company only 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.

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.

HSBC INTERNATIONAL FINANCIAL SERVICES (UK) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED
31 DECEMBER 2009 (CONTINUED)

Going concern

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 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 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 and applicable laws.

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.

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.

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



A J Huke
Director

Registered Office

8 Canada Square
London
E14 5HQ

Date 10 September 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSBC INTERNATIONAL FINANCIAL SERVICES (UK) LIMITED

We have audited the financial statements of HSBC International Financial Services (UK) Limited for the year ended 31 December 2009 set out on pages 4 to 9. 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 Directors' Responsibilities Statement set out on page 2, 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 web-site 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 result 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

10 SEPT 2010

HSBC INTERNATIONAL FINANCIAL SERVICES (UK) LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER
2009

During the financial year and the previous financial year, the company did not trade, has received no income and incurred no expenditure, and consequently has made neither a profit nor a loss

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2009

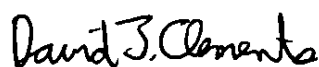
There has been no comprehensive income or expense for the year ended 31 December 2009 or the preceding financial year

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER
2009

	Note	<u>2009</u>	<u>2008</u>
		£000	£000
Non-current assets			
Investments	3	1	1
Current assets			
Amounts owed by parent undertakings	4	277,320	277,320
Total assets		<u>277,321</u>	<u>277,321</u>
Equity			
Called up share capital	5	164,127	164,127
Share premium account		113,076	113,076
Retained earnings		118	118
Total equity		<u>277,321</u>	<u>277,321</u>

These financial statements were approved by the Board of Directors on 10 September 2010 and were signed on its behalf by

Company Registered No 980554



D J Clements
Director

HSBC INTERNATIONAL FINANCIAL SERVICES (UK) LIMITED
STATEMENT OF CASH FLOWS AS AT 31 DECEMBER 2009

The company did not trade during the year, has received no income and incurred no expenditure, and consequently there are no cash flow movements (2008 nil)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2009

	<u>2009</u> £000	<u>2008</u> £000
Called up share capital		
Balance brought forward and carried forward	<u>164,127</u>	<u>164,127</u>
Share premium account		
Balance brought forward and carried forward	<u>113,076</u>	<u>113,076</u>
Retained earnings		
Balance brought forward and carried forward	<u>118</u>	<u>118</u>
Total shareholders' equity		
Balance brought forward and carried forward	<u>277,321</u>	<u>277,321</u>

HSBC INTERNATIONAL FINANCIAL SERVICES (UK) LIMITED

NOTES TO 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.

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

The company is exempt from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. The financial statements present information about the company as an individual undertaking.

b) Investments

Non-current assets are stated at cost less permanent diminution in value.

c) 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 balance sheet, as amounts owed by parent undertakings. Interest on this balance is charged on a cost basis. Related party transactions are detailed in their respective notes.

HSBC INTERNATIONAL FINANCIAL SERVICES (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (continued)

d) 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.

2 RESULT FOR THE YEAR

The Directors made no charge for their services (2008 nil). Auditors' remuneration for audit of these financial statements was £1,932 (2008 £1,932) and was borne by a parent undertaking on behalf of the company. The company has no employees and hence no staff costs (2008 nil).

3 INVESTMENTS

£000

At 1 January and 31 December 2009

1

The investment represents the interest in the HSBC Capital Funding 1 (UK) Limited Partnership. In the opinion of the Directors, the fair value of the investment is not significantly different from the amount at which it is stated in the balance sheet.

4 AMOUNTS OWED BY PARENT UNDERTAKINGS

The amounts owed by parent undertakings have no fixed date for repayment, are stated at historical cost and do not bear interest. The fair value is not considered to be significantly different from the carrying value.

HSBC INTERNATIONAL FINANCIAL SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 CALLED UP SHARE CAPITAL

	'A' ordinary shares	'B' ordinary shares	'C' ordinary shares	Non-voting redeemable preference shares	Total
	£000	£000	£000	£000	£000
Authorised shares of £1 each					
At 31 December 2008 and 2009	<u>8</u>	<u>2</u>	<u>49,990</u>	<u>200,000</u>	<u>250,000</u>
	£000	£000	£000	£000	£000
Issued, allotted and fully paid shares of £1 each					
At 31 December 2008 and 2009	<u>8</u>	<u>2</u>	<u>46,117</u>	<u>118,000</u>	<u>164,127</u>
	1,000	1,000	1,000	1,000	1,000
Number of issued, allotted and fully paid shares of £1 each	<u>8</u>	<u>2</u>	<u>46,117</u>	<u>118,000</u>	<u>164,127</u>

Dividends may be declared on 'A' and 'B' ordinary shares and on preference shares. No dividend may be paid on the 'C' ordinary shares.

On a winding up of the company, the preference shareholders will be entitled to receive the assets available for distribution among the members in priority to any other class of shares, to repay both the capital paid on such shares and any dividends declared payable but remaining unpaid. Any remaining assets would be paid to the holders of 'A' and 'B' ordinary shares to repay up to the amount paid up on such shares, with any balance payable to the holders of 'C' ordinary shares.

There is no fixed date for redemption of the preference shares.

Only holders of 'A' and 'B' ordinary shares shall be entitled to vote at any general meeting of the company.

HSBC INTERNATIONAL FINANCIAL SERVICES (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 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 Bank plc. 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

7 RISK MANAGEMENT

Maximum exposure to credit risk

	<u>2009</u> £'000	<u>2008</u> £'000
Amounts owed by parent undertakings	277,320 -----	277,320 -----

These balances are neither past due nor impaired.

Liquidity risk

The company has no significant exposure to liquidity risk due to the nature of its business, which is predominantly investing in or financing of group companies. These transactions are generally being funded by way of equity investment also obtained from the parent or other group company.

Interest rate risk

Interest rate risk is not significant as the companies' no interest bearing assets are funded by equity.