Registered No: 1098175

ASSETFINANCE JUNE (E) LIMITED

FINANCIAL STATEMENTS

30 JUNE 2002

ASSETFINANCE JUNE (E) LIMITED

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002

Results

The results for the year ended 30 June 2002 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:

B Carney
W F Devenish
D W Gilman
T V Holmes
G E Picken

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.

	At 1 July 2001	At 30 June 2002
	Ordinary shares of US$0.50 each	Ordinary shares of US$0.50 each
B Carney	21,913	13,921
W F Devenish	2,283	2,352
D W Gilman	34,247	32,819
T V Holmes	10,918	13,427
G E Picken	71,545	72,148

ASSETFINANCE JUNE (E) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002 (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	-	-
W F Devenish	5,000	-
D W Gilman	5,000	-
T V Holmes	-	3,132
G E Picken	-	-

Throughout the year 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 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 JUNE (E) LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2002 (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:
8 Canada Square
London
E14 5HQ

By Order of the Board

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M V Pearce
Secretary

Date: 16 JAN 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ASSETFINANCE JUNE (E) LIMITED

We have audited the financial statements on pages 5 to 12.

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 1985. 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 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc　　　　29/1/03

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

ASSETFINANCE JUNE (E) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 £	2001 £
Turnover		3,763,617	2,311,287
Cost of sales		(381,340)	(251,637)
Gross Profit		3,382,277	2,059,650
Administrative expenses	3	(403,720)	(307,754)
Interest payable	4	(2,270,618)	(1,135,702)
Profit on ordinary activities before taxation		707,939	616,194
Tax charge on profit on ordinary activities	5	(212,382)	(115,867)
Profit on ordinary activities after taxation and retained for the financial year		495,557	500,327
Accumulated losses brought forward		(3,371,806)	(3,872,133)
Accumulated losses carried forward		(2,876,249)	(3,371,806)

There were no 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 JUNE (E) LIMITED
BALANCE SHEET AS AT 30 JUNE 2002

	Note	2002	2001
		£	£
Fixed assets			
Tangible fixed assets	6	1,541,949	1,924,900
Current assets			
Debtors: amounts falling due within one year:			
Lease agreements	8	2,191,384	4,543,006
Other debtors		-	1,250
		2,191,384	4,544,256
Debtors: amounts falling due after more than one year:			
Lease agreements	8	49,982,946	49,988,923
		52,174,330	54,533,179
Creditors: amounts falling due within one year:			
Amounts owed to parent undertakings		51,202,678	57,753,561
Value added tax		169,674	154,880
Accruals and deferred income		976	29,246
		51,373,328	57,937,687
Total assets less current liabilities		2,342,951	(1,479,608)
Provisions for liabilities and charges	9	5,219,100	1,892,098
NET LIABILITIES		(2,876,149)	(3,371,706)
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account - deficit		(2,876,249)	(3,371,806)
		(2,876,149)	(3,371,706)

These financial statements were approved by the Board of Directors on **16 JAN 2003** and were signed on its behalf by:

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D W Gilman
Director

ASSETFINANCE JUNE (E) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements except as noted below. The Company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred Tax' in these financial statements of the Company. The effect of FRS 19, which represents a change in accounting policy, is explained 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.

The Company has complied with the Statement of Recommended Practice on Accounting Issues in the Asset Finance and Leasing Industry, issued by the Finance & Leasing Association.

The principal activity of the Company is the provision of leasing services for commercial and industrial customers in the public and private sectors.

The principal risk of the Company is residual value risk, which arises in relation to a leasing transaction to the extent that the actual value of the leased asset at the end of the lease term (the residual value) recovered through disposing of or re-letting the asset at the end of the lease term, could be different to that projected at the time that the lease incepted. Residual value exposure is regularly monitored by the business through reviewing the recoverability of the residual value projected at lease inception. Provision is made in accordance with Financial Reporting Statement number 11 to the extent that the carrying value of assets is impaired through residual values not being fully recoverable.

b) Income Release

i) 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.

1. ACCOUNTING POLICIES (CONTINUED)

c) 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.

d) 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.

e) Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is provided using the full provision method following the Company's adoption of FRS 19: Deferred Tax. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Previously, deferred tax was provided on the liability method to the extent that it was probable that an asset or liability would crystallise in the foreseeable future. Deferred tax is calculated at rates expected to be applicable when the liability or asset crystallises on a non-discounted basis.

The change in the deferred tax policy has had no effect on, the reported tax charge for the year to 30 June 2001, the provision at that date, nor the tax charge for the year ended 30 June 2002.

f) Turnover

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

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 £392,670 (2001: £264,829) 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 and includes £904 (2001: £2,801) in respect of finance lease charges.

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The charge for taxation comprises:	2002	2001
	£	£
Group relief (receivable)/payable		
- current tax on income for the year	(3,114,620)	(902,762)
- adjustments in respect of prior years	-	(51,836)
Total current tax	(3,114,620)	(954,598)
Deferred taxation		
- Origination/reversal of timing differences (Note 9)	3,327,002	1,087,621
- adjustments in respect of prior years	-	(17,156)
Total deferred tax	3,327,002	1,070,465
Total tax charge on profit on ordinary activities	212,382	115,867

The current tax credit for the year is higher than the standard rate of corporation tax in the UK (30%, 2001: 30%). The differences are explained below.

	2002	2001
Current tax reconciliation	£	£
Profit on ordinary activities before tax	707,939	616,194
Expected current tax at 30% (2001: 30%)	212,382	184,859
Effects of:		
Leasing transactions timing differences	(3,327,002)	(1,087,621)
Adjustments in respect of previous years	-	(51,836)
Total current tax charges (see above)	(3,114,620)	(954,598)

Leasing transactions timing differences relate principally to accelerated capital allowances.

6. TANGIBLE FIXED ASSETS

Operating lease assets

Cost	£
At 1 July 2001 and 30 June 2002	2,199,214
Depreciation	
At 1 July 2001	274,314
Charge for the year	382,951
At 30 June 2002	657,265
Net book value at 30 June 2002	1,541,949
Net book value at 30 June 2001	1,924,900

7. RESIDUAL VALUES

Included in Tangible Fixed Assets and Leasing Debtors are residual values at the end of current lease terms, which will be recovered through sale or re-letting in the following periods:

	2002		2001	
	Operating leases	Finance leases	Operating leases	Finance leases
	£	£	£	£
Within 1 year	53,243	181,964	21,793	-
Between 1-2 years	77,215	-	34,341	208,136
Between 2-5 years	244,590	9,862	207,867	9,862
More than 5 years	10,591	-	154,026	-
Total exposure	385,639	191,826	418,027	217,998

8. DEBTORS

Lease agreements:

During the year assets valued at £Nil (2001: £41,308,103) were acquired for use in finance lease agreements.

Aggregate finance lease rentals receivable in the financial year were £5,173,328 (2001: £3,130,920).

Aggregate operating lease rentals receivable in the financial year were £413,222 (2001: £431,415).

9. PROVISIONS FOR LIABILITIES AND CHARGES

		Deferred taxation
Leasing transactions timing differences		£
As at 1 July 2001		1,892,098
Transfer from profit and loss account	(Note 5)	3,327,002
As at 30 June 2002		5,219,100

Leasing transactions timing differences relate principally to accelerated capital allowances.

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit on ordinary activities after taxation and retained for the financial year	495,557	500,327
Opening shareholders' funds - deficit	(3,371,706)	(3,872,033)
Closing shareholders' funds - deficit	(2,876,149)	(3,371,706)

Shareholders' funds are wholly attributable to equity shareholders.

ASSETFINANCE JUNE (E) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

11. SHARE CAPITAL

	2002	2001
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

12. 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 Assetfinance 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