

Financial Statements
31 March 2013

Registered No 1524344



Financial Statements

31 March 2013

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Directors' report for the year ended 31 March 2013

Principal activities

The Company's principal activity is to lease assets to third party lessees for an agreed term under finance lease and operating lease arrangements. No change in the Company's activities is anticipated.

Business review

During the year the Company wrote new business and continued to manage the leasing transactions written in previous years.

Another group undertaking, HSBC Asset Finance (UK) Limited, provides agency services to the Company, charging an annual management fee. 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 principally by a parent undertaking through 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 financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in note 13 of the financial statements.

Performance

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

UK corporation tax rates are being reduced and details of the changes are set out in notes 5 and 9 to the financial statements.

The key performance indicator used by management in assessing the performance of the Company is the monitoring of actual cash flows in comparison with the planned cash flows 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 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.

During the year the Company incurred impairment charges in respect of finance lease receivables amounting to £9 (2012 £5,089). These are shown within administrative expenses in the income statement.

Future developments

New business prospects will reflect 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 the capital allowance regime.

Dividends

An interim dividend of £54,459 (in lieu of a final dividend in respect of the previous financial year) was paid on the ordinary share capital during the year. The Directors intend to declare an interim dividend of £55,207 in respect of 2013, payable in the financial year ended 31 March 2014.

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.

Directors' report for the year ended 31 March 2013 (continued)

Directors

The Directors who served during the year and subsequently were as follows

Name	Appointed	Resigned
M J Russell-Brown		
A T Rigby		22 May 2012
F A Barker		21 June 2013
G P Hewitt		
G Owen-Conway		
R F Carver	22 May 2012	

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.

Disclosure of information to the Auditor

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 auditor is 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 auditor is aware of that information. This confirmation is given pursuant to section 418 of the UK Companies Act 2006 and should be interpreted in accordance therewith.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

Directors' report for the year ended 31 March 2013 (continued)

Statement of Directors' responsibilities in respect of the Directors' report and 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 IFRSs as adopted by the EU.

Under company law the Directors must not approve the financial statements unless they are satisfied that they 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 period.

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 adequate accounting records that are sufficient to show and explain the Company's transactions and 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.

On behalf of the Board



R F Carver
Director

Registered Office
8 Canada Square
London
E14 5HQ

Date 15 November 2013

Independent Auditor's Report to the Members of Assetfinance March (D) Limited

We have audited the financial statements of Assetfinance March (D) Limited for the year ended 31 March 2013 set out on pages 6 to 17. 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 auditor's 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 Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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, and express an opinion on, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 March 2013 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.

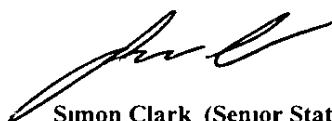
Opinion on other matter prescribed by the Companies Act 2006

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.



15/11/13

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

Financial Statements

31 March 2013

Income statement for the year ended 31 March 2013

	<i>Notes</i>	2013 £	2012 £
Revenue			
Finance lease income		30,425	31,315
Operating lease income		<u>716,918</u>	<u>326,145</u>
		747,343	357,460
Cost of sales		<u>(559,559)</u>	<u>(249,574)</u>
		187,784	107,886
Finance costs			
Interest expense	3	<u>(69,309)</u>	<u>(40,688)</u>
		118,475	67,198
Administrative expenses	4	<u>(16,896)</u>	<u>(21,967)</u>
Profit before tax		101,579	45,231
Tax (expense)/credit	5	<u>(46,372)</u>	<u>9,228</u>
Profit for the year		<u>55,207</u>	<u>54,459</u>

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

The accounting policies and notes on pages 10 to 17 form an integral part of these financial statements

Statement of comprehensive income for the year ended 31 March 2013

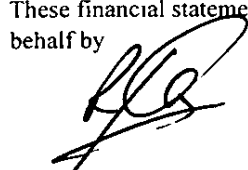
There has been no comprehensive income or expense other than the profit for the year as shown above (2012 £Nil)

Financial Statements (continued)**Statement of financial position as at 31 March 2013**

	<i>Notes</i>	2013 £	2012 £
ASSETS			
Non-current assets			
Property, plant and equipment	6	5,599,885	4,639,994
Deferred tax assets	9	93,049	-
		<u>5,692,934</u>	<u>4,639,994</u>
Current assets			
Receivables	8	286,115	619,578
Current tax assets		-	162,021
		<u>286,115</u>	<u>781,599</u>
Total assets		<u>5,979,049</u>	<u>5,421,593</u>
LIABILITIES AND EQUITY			
Current liabilities			
Other liabilities	10	5,699,699	5,070,437
Accruals and deferred income		66,188	44,845
Current tax liabilities		157,953	-
		<u>5,923,840</u>	<u>5,115,282</u>
Non-current liabilities			
Deferred tax liabilities	9	-	251,850
Total liabilities		<u>5,923,840</u>	<u>5,367,132</u>
Equity			
Called up share capital	11	2	2
Retained earnings		55,207	54,459
Total shareholders' equity		<u>55,209</u>	<u>54,461</u>
Total equity and liabilities		<u>5,979,049</u>	<u>5,421,593</u>

The accounting policies and notes on pages 10 to 17 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 15 November 2013 and were signed on its behalf by



R F Carver
Director
Company Registration No 1524344

Financial Statements (continued)**Statement of cash flows for the year ended 31 March 2013**

	2013 £	2012 £
Cash flows from operating activities		
Profit before tax	101,579	45,231
Adjustments for		
– Depreciation charge	559,559	249,575
– Profit on disposal of property, plant and equipment	(117)	-
– Provisions raised	728	4,490
– Change in operating assets	25,273	(301,277)
– Change in operating liabilities	328,803	25,812
– Tax (paid)/received	(71,297)	85,672
Net cash generated from operating activities	<u>944,528</u>	<u>109,503</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,536,000)	(3,162,000)
Proceeds from sale of property, plant and equipment	16,667	-
Net cash from investing activities	<u>(1,519,333)</u>	<u>(3,162,000)</u>
Cash flows from financing activities		
Received from parent undertakings in respect of other financing activities	629,264	3,091,874
Dividends paid	(54,459)	(39,377)
Net cash from financing activities	<u>574,805</u>	<u>3,052,497</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents brought forward	-	-
Cash and cash equivalents carried forward	<u>-</u>	<u>-</u>

The accounting policies and notes on pages 10 to 17 form an integral part of these financial statements

Financial Statements (continued)

Statement of changes in equity for the year ended 31 March 2013

	Called up share capital £	Retained earnings £	Total shareholders' equity £
2013			
At 1 April 2012	2	54,459	54,461
Profit for the year	-	55,207	55,207
Total comprehensive income for the year	-	55,207	55,207
Dividends to shareholders	-	(54,459)	(54,459)
At 31 March 2013	2	55,207	55,209

	Called up share capital £	Retained earnings £	Total shareholders' equity £
2012			
At 1 April 2011	2	39,377	39,379
Profit for the year	-	54,459	54,459
Total comprehensive income for the year	-	54,459	54,459
Dividends to shareholders	-	(39,377)	(39,377)
At 31 March 2012	2	54,459	54,461

The accounting policies and notes on pages 10 to 17 form an integral part of these financial statements

Shareholders' equity is wholly attributable to equity shareholders

Notes on the Financial Statements

1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

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 March 2013, there were no unendorsed standards effective for the year ended 31 March 2013 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 March 2013 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 IFRS Interpretations Committee ('IFRIC') and its predecessor body.

During the year, the Company adopted a number of interpretations and amendments to standards thereto which had an insignificant effect on the financial statements.

(b) Future accounting developments

At 31 March 2013, a number of standards and amendments to standards had been issued by the IASB, which are not effective for the Company's financial statements as at 31 March 2013. None of these 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 in these financial statements, except where stated otherwise.

(c) General information

Assetfinance March (D) Limited is a company domiciled and incorporated in England and Wales.

2 Summary of significant accounting policies

(a) Finance and operating leases

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.

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

Notes on the Financial Statements (continued)

(b) Interest expense

Interest expense for all financial instruments is recognised in 'Interest expense' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument. The calculation includes all amounts paid by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

(c) Income tax

Income tax comprises current 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 the Company 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.

(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.

Property, plant and equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable.

(e) Financial assets and liabilities

(i) Loans and receivables

Loans and receivables include loans and receivables originated by the Company which are not classified either as held for trading or designated at fair value. Loans and receivables are recognised when cash is advanced to a borrower. They are derecognised when either the borrower repays its obligations, or the loans are sold or written off, or substantially all the risks and rewards of ownership are transferred. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less impairment losses.

(ii) Financial liabilities

Financial liabilities are initially measured at fair value less any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

A group undertaking acts as a treasury function, providing funding for the Company through an inter-company current account.

Notes on the Financial Statements (continued)

(f) Impairment of financial assets

Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment allowances are calculated on individual loans and on groups of loans assessed collectively. Impairment losses are recorded as charges to the income statement. The carrying amount of impaired loans on the statement of financial position is reduced through the use of impairment allowance accounts. Losses expected from future events are not recognised.

Individually assessed impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate, and comparing the resultant present value with the loan's current carrying amount.

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.

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

(g) Statement of cash flows

The statement of cash flows has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in inter-company transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

(h) Share capital

Shares are classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

(i) Fair values

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received).

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

(j) 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 financial assets is described in Note 2(f). 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 2(d). Impairment is calculated on the basis of current and expected future market conditions.

Notes on the Financial Statements (continued)

3 Finance costs

All interest expense was payable to a parent undertaking

4 Administrative expenses

Administrative expenses include £16,168 (2012 £17,477) in respect of group management charges payable to a parent undertaking

Certain expenses including auditor's remuneration have been borne by a fellow group undertaking and are therefore not charged in arriving at the profit before taxation (2012 £Nil) There were no non-audit fees incurred during the year (2012 £Nil)

The Company has no employees and hence no staff costs (2012 £Nil) The Directors made no charge for their services (2012 £Nil)

5 Tax expense/(credit)

	Notes	2013 £	2012 £
Current tax			
UK Corporation tax			
– for this year		157,953	(162,021)
– adjustments in respect of prior years		233,318	-
Total current tax		<u>391,271</u>	<u>(162,021)</u>
Deferred tax			
Origination and reversal of temporary differences	9	(129,528)	152,793
Adjustment in respect of prior years		(215,371)	-
Total deferred tax		<u>(344,899)</u>	<u>152,793</u>
Total tax charged/(credited) to the income statement		<u>46,372</u>	<u>(9,228)</u>

The UK corporation tax rate applying to the Company was 24 per cent (2012 26 per cent)

The following table reconciles the tax expense/(credit)

	2013 £	Percentage of overall profit before tax %	2012 £	Percentage of overall profit before tax %
Tax at 24% (2012 26%)	24,379	24.0%	11,760	26.0%
Adjustments in respect of prior years	17,947	17.7%	-	-
Changes in tax rates	4,046	4.0%	(20,988)	(46.4)%
Total tax charged/(credited) to the income statement	46,372	45.7%	(9,228)	(20.4)%

The UK Government announced that the main rate of corporation tax for the year beginning 1 April 2012 will reduce from 26% to 24%, to be followed by a further 1% reduction to 23% for the year beginning 1 April 2013, a further 2% reduction to 21% for the year beginning 1 April 2014 and a further 1% reduction to 20% for the year beginning 1 April 2015. The reduction in the corporation tax rate to 24% was substantively enacted in the first half of 2012 and this results in a weighted average rate of 24% for 2013 (2012 26%). The reduction to 23% was enacted through the 2012 Finance Act in July, and the reductions to 21% and 20% announced in the 2012 Autumn Statement and 2013 Budget respectively were enacted through the 2013 Finance Act.

Notes on the Financial Statements (continued)

6 Property, plant and equipment

Operating lease assets

	2013 £	2012 £
Cost		
At 1 April	4,980,691	1,818,691
Additions	1,536,000	3,162,000
Disposals	(67,500)	-
At 31 March	<u>6,449,191</u>	<u>4,980,691</u>
Depreciation		
At 1 April	340,697	91,122
Depreciation charge for the year	559,559	249,575
Disposals	(50,950)	-
At 31 March	<u>849,306</u>	<u>340,697</u>
Net carrying amount 1 April	<u>4,639,994</u>	<u>1,727,569</u>
Net carrying amount 31 March	<u>5,599,885</u>	<u>4,639,994</u>

	2013 £	2012 £
Future minimum lease payments receivable under non-cancellable operating leases		
No later than one year	968,491	718,076
Later than one year and no later than five years	<u>2,730,026</u>	<u>2,413,599</u>
	<u>3,698,517</u>	<u>3,131,675</u>
Aggregate operating lease rentals receivable in the year	<u>716,918</u>	<u>326,145</u>
Profit on disposal of property, plant and equipment	<u>117</u>	<u>-</u>

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

The Company leases equipment and vehicles to customers under operating lease agreements

7 Finance lease receivables

The Company leases vehicles, plant and machinery to customers under finance lease agreements. All lease agreements were in their secondary periods during the year and hence had no value on the Statement of financial position

	2013 £	2012 £
Aggregate finance lease rentals receivable in the year	<u>24,162</u>	<u>30,151</u>
Other income in respect of finance lease receivables	<u>4,214</u>	<u>2,152</u>

8 Receivables

	2013 £	2012 £
Other debtors	16,458	21,117
Value added tax	<u>269,657</u>	<u>598,461</u>
	<u>286,115</u>	<u>619,578</u>

Notes on the Financial Statements (continued)

9 Deferred tax (assets)/liabilities

	2013 £	2012 £
Leasing transactions temporary differences		
At 1 April	251,850	99,057
Income statement (credit)/charge	(344,899)	152,793
At 31 March	(93,049)	251,850

A deferred tax asset of £93,049 is recognised in respect of leasing transactions temporary differences between capital allowances and depreciation. The related tax benefit is expected to be realised through the offset of losses with future taxable profits within the UK Group.

On 26 March 2012, the Government substantively enacted a reduction in the UK corporation tax rate to 24% with effect from 1 April 2012. The effect of this rate change is reflected in the financial statements for the year ending 31 March 2012.

During the year the Government substantively enacted a further reduction in the UK corporation tax rate to 23% with effect from 1 April 2013.

In the financial statements for the year ended 31 March 2013, deferred tax has been calculated at the corporation tax rates applicable to the financial years in which it is expected that the assets will be realised or the liabilities settled, being 23%. The effect of the reduction in the UK corporation tax rate is a one-off reduction in the recognised deferred tax asset of £4,046.

On 5 December 2012 the Government announced its intention to reduce the UK corporation tax rate to 21% with effect from 1 April 2014 and then on 20 March 2013 the Government announced its intention to further reduce the UK corporation tax rate to 20% with effect from 1 April 2015. The above mentioned rate reductions were substantively enacted on 2 July 2013. If these rate changes had been substantively enacted on or before the end of the reporting period and remained in place for the foreseeable future, it would have the effect of reducing the deferred tax asset at that date by £1,408.

10 Other liabilities

	2013 £	2012 £
Related parties: Amounts owed to parent undertakings	5,699,699	5,070,437
	5,699,699	5,070,437

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.

11 Share capital

	2013 £	2012 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2
	2	2

12 Fair value of financial assets and liabilities

Except where disclosed elsewhere, there are no material differences between the carrying value and the fair value of financial assets and liabilities as at 31 March 2012 and 31 March 2013.

Notes on the Financial Statements (continued)

13 Risk Management

The Company has exposure to the following types of risk arising from its use of financial instruments credit risk, liquidity risk and market risk Market risk includes interest rate risk and foreign exchange risk

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note

Exposure to credit risk, liquidity risk and market risk arises in the normal course of the Company's business The Company's risk management policies are consistent with the HSBC Group's risk management policies

The Company participates in transactions to which other HSBC Group companies are also party The HSBC business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company

As part of that process, the Business' management will review the monthly management accounts of the Business There were no changes in the Company's approach to risk management during the year

Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its obligations under a contract It arises principally from finance lease receivables

The Business manages credit risk for this entity as described above for risks generally

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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position No collateral is held in respect of finance lease receivables, although as title to the underlying assets remains with the lessor, these assets would be recoverable in case of default

Movement in allowance accounts for total loans and advances

	2013 Individually assessed £	2013 Collectively assessed £	2012 Individually assessed £	2012 Collectively assessed £
At 1 April	-	-	-	-
Amounts written off	(9)	-	(5,089)	-
Charge to income statement	9	-	5,089	-
At 31 March	-	-	-	-

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned In light of this the Company will borrow funds as and when required from group undertakings

The Business manages liquidity risk for this entity as described above for risks generally

The Company's assets net of deferred tax, are funded principally by borrowings from a parent undertaking, which acts as a treasury function This funding has no fixed repayment date and therefore is technically repayable on demand The treasury function provides funds as required to finance the leases, at the same rates that currently apply to the relevant Company borrowings, for the term of the leases

Notes on the Financial Statements (continued)

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities at the end of the reporting period

	Carrying value	Contractual cash flows	On demand	Due within 3 months
	£	£	£	£
31 March 2013				
Amounts owed to parent undertakings	5,699,699	5,699,699	5,699,699	-
Accruals and deferred income	66,188	66,188	-	66,188
	<u>5,765,887</u>	<u>5,765,887</u>	<u>5,699,699</u>	<u>66,188</u>
31 March 2012				
Amounts owed to parent undertakings	5,070,437	5,070,437	5,070,437	-
Accruals and deferred income	44,845	44,845	-	44,845
	<u>5,115,282</u>	<u>5,115,282</u>	<u>5,070,437</u>	<u>44,845</u>

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The Company is not exposed to foreign exchange risk on its financial assets or financial liabilities.

14 Related-party transactions

The Company has a related party relationship with its parent, with other group undertakings and with its directors.

Particulars of transactions, arrangements and agreements involving third parties are disclosed elsewhere within the financial statements.

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

15 Capital management

The Company is not subject to 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 Company defines capital as total shareholders' equity. It is HSBC's objective to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. There were no changes to the Company's approach to capital management during the year.

16 Contingent liabilities

There were no contingent liabilities at 31 March 2013 (2012: £Nil).

17 Subsequent events

There are no subsequent events requiring disclosure in the financial statements.