Marks and Spencer Unit Trust Management Limited

Registered No: 2253009

Annual Report and Financial Statements for the year ended 31 December 2022

HSBC

Annual Report and Financial Statements for the year ended 31 December 2022

Contents

Strategic Report

Principal activities

Marks and Spencer Unit Trust Management Limited ('the Entity') is a private company incorporated in the United Kingdom. Its trading address is Kings Meadow, Chester Business Park, Chester, CH99 9FB. The Entity is limited by shares.

The Entity is regulated by the Financial Conduct Authority ('FCA'). The Entity's principal activity is the provision of financial services to both Marks and Spencer Financial Services plc and Marks and Spencer plc ('M&S plc') customers through its range of Unit Trust funds.

Review of the Entity's business

The Entity's strategy involves providing high levels of service across all operations, principally the servicing of certain investment funds, whilst having an on-going focus on controlling operating costs.

Performance

The Entity's results for the year under review are as detailed in the income statement shown on page 12 of these financial statements.

The Entity reported a profit before tax for the year in 2022 of £3.5m compared with a profit before tax of £4.0m in 2021. The year on year movement reflects a decrease in fee income as a result of the Entity's lower Annual Management Charges driven by lower Funds Under Management due to adverse market movements.

The Entity's business performance has remained resilient and whilst the Entity's fee income has been impacted by movements in market valuations during the year, levels of customer activity have been in line with previous years, with no significantly different levels of inflows or outflows of funds observed.

Key performance indicators

The Directors use Key Performance Indicators ('KPIs') to monitor the performance of the business, in particular profitability, cost efficiency and funds under management.

Financial KPIs

	2022	2021
Profit before tax (£'000)	**3,536**	3,964
Cost efficiency ratio (%)	**31.5**	31.8
Funds under management at year end (£m)	**1,106**	1,249
Total equity at year end (£'000)	**4,465**	4,601
Return on tangible equity (%)	**65.8**	63.5

Cost efficiency is measured as total operating expenses divided by net operating income.

Return on tangible equity (RoTE) is defined as the profit attributable to ordinary shareholders, divided by average ordinary shareholders' equity. This has slightly increased during the year due to lower reported equity held within the Entity.

Principal risks and uncertainties

An established risk governance framework and ownership structure ensures oversight of, and accountability for, the effective management of risk. Risk is managed through a dedicated oversight forum. This forum reports up to the Entity's Executive Committee (ExCo) that meets 12 times a year, where oversight of risk is provided by the Chief Risk Officer (CRO) and Chief Finance Officer (CFO). The CRO separately reports a risk summary, including the risk appetite of the Entity to the Board at least 4 times a year. The risk summary focusses on risk governance and providing a forward looking view of risks and their mitigation. This supports the Board's role in overseeing risk management by escalating areas outside of risk appetite or otherwise causing concern. Due to the nature of its business, the Entity has limited exposure to credit risk, market risk and liquidity risk.

The Entity continues to monitor the potential impact from the developing conflict between Ukraine and Russia. This may result in increased market volatility, impacting the value of funds under management.

The most important non-financial risks are operational risk, conduct and regulatory risk, including financial crime compliance, reputational risk and cyber risk. The Directors have put in place procedures to monitor and manage these risks.

Operational risk is relevant to every aspect of the Entity's business and covers a wide spectrum of issues. Losses arising from fraud, unauthorised activities, errors, omission, inefficiency, systems failure or from external events all fall within the definition of operational risk. The objective of the Entity's operational risk management is to manage and control operational risk in a cost effective manner within targeted levels of operational risk consistent with the Entity's risk appetite, as proposed by the Risk Management Committee set by the Board.

Top and Emerging Risks

Geopolitical and macroeconomic risk

This risk has heightened in 2022 as the UK economy faced a number of challenges including a reduction in economic output, rising inflation, increased interest rates and a period of significant market volatility that followed changes to the policies announced by the UK Government. Against this backdrop, the recovery has stalled, with GDP still below its pre-Covid-19 pandemic level. Consumer confidence has fallen as the cost of living crisis has deepened, partly driven by the sharp rise in energy prices, and with real incomes falling, the economy is expected to go into recession in 2023.

Global commodity markets have been significantly impacted by the Russia Ukraine war and localised Covid-19 outbreaks, leading to lingering supply chain disruptions. These disruptions have resulted in UK product shortages and increased prices for both energy and non-energy commodities, such as food. We do not expect these to ease significantly in the near term. These issues have exacerbated the increased rate of inflation currently being seen in the UK. The BoE is continuing to raise the base rate in order to reduce the inflationary pressures.

High Covid-19 vaccination rates and acquired population immunity in 2022 across the UK have minimised the public health risks and the need for restrictions. New Covid-19 variants and sub-variants pose a continuing risk and could result in the UK Government reintroducing restrictions, potentially impacting our personal and customers.

We continue to monitor our risk profile closely in the context of the current geopolitical and macroeconomic situation, and given the significant uncertainties, additional mitigating actions may be required.

Technology and cybersecurity risk

Together with other organisations, we continue to operate in an increasingly hostile cyber threat environment, which requires ongoing investment in business and technical controls to defend against these threats. Key threats include unauthorised access to online customer accounts, advanced malware attacks on third-party suppliers and the exploitation of security vulnerabilities. We continually evaluate threat levels for the most prevalent attack types and their potential outcomes. To further protect the Entity and our customers, we strengthened our controls to reduce the likelihood and impact of advanced malware, data leakage, infiltration of payment systems and denial of service attacks, we also provide our online customers with fraud advice including updates on the latest scams. We continue to enhance our cybersecurity capabilities, including threat detection, access control, data analytics and third-party service reviews. An important part of our defence strategy is ensuring our people remain aware of cybersecurity issues and know how to report incidents.

We are focussed on improving change control processes and authorised access controls by providing additional education and training to identify and manage vulnerabilities in our software, system configurations, logic and architecture.

Financial Crime and Fraud Risk

Financial institutions remain under considerable regulatory scrutiny regarding their ability to prevent and detect financial crime, which continues to evolve, often in tandem with increased geopolitical developments, posing challenges for financial institutions to keep abreast of developments and manage conflicting laws. The global economic slowdown as a result of the Covid-19 outbreak is resulting in an increase in fraud risk, as fraudulent activity is often more prevalent in times of crisis. The evolving regulatory environment continues to present an execution challenge.

We are strengthening and investing in fraud controls, to introduce next generation anti-fraud capabilities to protect both customers and ourselves.

Environmental, social and governance risks

We are subject to financial and non-financial risks associated with environmental, social and governance ('ESG') related matters. Our current areas of focus are climate risk, nature-related risks and human rights risks. These can impact us both directly and indirectly through our customers and our own activities.

HSBC Group's focus on climate-related risk in particular increased over 2022, owing to the pace and volume of policy and regulatory changes on climate risk management, stress testing and scenario analysis and disclosures. Climate change can have an impact across HSBC Group's risk taxonomy through both transition risk, arising from the move to a low-carbon economy, such as through policy, regulatory and technological changes, and physical risk impacts due to increasing severity and/or frequency of severe weather or other climatic events, such as rising sea levels and flooding. These risks have the potential to cause both financial and non-financial impacts for us. Financial impacts could materialise, for example, through greater transactional losses and/or increased capital requirements. Non-financial impacts could materialise if our own assets or operations are impacted by extreme weather or chronic changes in weather patterns, or as a result of business decisions to achieve our Climate Ambition.

Climate risk has increased due to the pace and volume of regulatory developments, with trends focusing on formalising climate risk management, enhanced disclosure, greenwashing and integration of environmental and other ESG risks. Investors and activists are also placing greater focus on the actions and investment decisions of financial institutions relating to climate. HSBC Group has developed the capability to execute climate stress testing and scenario analysis and has delivered the Bank of England's Climate Biennial Exploratory Scenario stress test exercise. The outputs of stress testing and scenario analysis are being used to further enhance risk management and decision making. To develop the right climate skills and culture, a climate risk training programme has been delivered for all levels of employees.

Climate change can impact a number of the Entity's risk types, including:

- Transition Risk, arising from the move to a low-carbon economy through policy, regulatory and technological changes.

- Physical Risk, through increasing severity and/or frequency of severe weather events or other climatic events (e.g. sea level rises and flooding).

These risks have the potential to cause both financial and non-financial impacts for HSBC UK and the Entity. The awareness of climate risk, regulatory expectations and reputational risk have all heightened through 2022. The exposure that the Entity has to the risk has not materially heightened.

HSBC Group have assessed the impact of climate risk on their balance sheet and have concluded that there is no material impact on the Entity's financial statements for the year ended 31 December 2022. The impact on expected credit losses, classification and measurement of financial instruments and going concern was considered.

Conduct and customer detriment

Financial institutions remain under considerable scrutiny regarding conduct of business, particularly in relation to fair outcomes for customers and orderly and transparent operations in financial markets. Regulators, prosecutors, the media and the public all have heightened expectations as to the behaviour and conduct of financial institutions. Any shortcomings or failure to demonstrate that adequate controls are in place to mitigate such risks could result in regulatory sanctions, fines or an increase in civil litigation.

We have continued to enhance our management of conduct in areas including our governance of product arrangements, the treatment of potentially vulnerable customers, encouragement of a 'Speak Up' culture and management of related third party risks.

People Risk

Our success in delivering our strategic priorities and proactively managing the regulatory and legislative environment depends on the development and retention of our leadership and high performing employees. A highly competitive UK employment market, coupled with heightened inflationary pressures, will continue to test our ability to attract and retain talent. Although pandemic conditions have improved in the UK, we remain mindful of the longer term impacts on our people with regards to changed working arrangements and health concerns, and their consequent impacts on employee mental health and well-being.

We continue to increase our focus on resource planning and employee retention to ensure we mitigate any risks around capacity and capability, as well as equipping line managers with the skills to both manage change and support their colleagues to ensure we engender a strong positive culture.

We have processes in place to identify where behaviours and conduct give us cause for concern and can mitigate the risk accordingly. Our ultimate parent company HSBC Group leads the HSBC University, which is open to our people and is focused on the development of our colleagues and supporting our leaders to create an environment for success. This is critical to retaining high-calibre individuals with the values, skills and experience for current and future roles.

Data Risk

We use a large number of systems, applications and a growing quantity of data to support key business processes and operations. As a result, we need to reduce the risk of inaccurate data, unavailability of data or misuse of data; and we continue to focus on meeting the increasing external regulatory expectations and laws that cover data; we, along with other organisations, also need to meet external/regulatory obligations such as the General Data Protection Regulation ('GDPR'), Basel Committee for Banking Supervision ('BCBS') 239 and Basel III. We are progressively improving data quality across a large number of systems. Our data management, aggregation and oversight continues to strengthen and enhance the effectiveness of internal systems and processes.

Stakeholder Engagement

Building strong relationships with stakeholders enables the Entity to deliver the strategy in line with long term values and operate the business in a sustainable way. Stakeholders are the people who work for us, bank with us, own us, supply us and regulate us. Due to the nature of the relationship with them, M&S plc are considered to be a key stakeholder in this regard.

The Entity continues to evaluate our longer term strategy in light of the interest rate environment, considering the office footprint and supporting colleagues with a shift to a more location agnostic working model.

Employees

Our employees' health, well-being and engagement continues to be a focus for us. We have provided extensive support through the launch of a new Digital GP Service giving employees, their partners and dependants quick and easy access to primary care at the time of need.

We gave a one-off payment of £1,500 to more junior employees, to support them with rising cost of living pressures. In partnership with the Bank Workers Charity, HSBC have established the HSBC Support Fund to provide short-term financial support to current and former employees who find themselves in financial hardship.

A structured employee engagement approach uses leadership communications, campaigns and a regular flow of news to help colleagues to serve our customers better, make sense of our strategy, focus on our commercial priorities and provide clarity on issues. A sense of pride and purpose has been built by recognising colleagues' contributions to the Entity and celebrating achievements.

Understanding how colleagues feel is vital. It helps to ensure that the right support is given to fulfil their potential and do the right thing for customers. Colleagues are asked for feedback and encouraged to speak up. Exchange sessions allow employees to discuss what matters to them, share views and suggest ideas, while managers and leaders attend to listen. Insight shows us that where our people participate in Exchanges they are generally more positive about their experience with the Entity. They feel better able to speak up, are more trusting of managers and leaders, and report higher levels of wellbeing. The HSBC Confidential Whistleblowing helpline enables employees to raise concerns in confidence and anonymously if they wish, without fear of retaliation and reprisal. Concerns are investigated thoroughly and independently and HSBC UK does not condone or tolerate any acts of retaliation against concern raisers.

Examples of how the Board has engaged with employees during 2022 include:

- Consideration from the Board of strategic implications of the prolonged period of remote working arrangements and how this might impact future employee working preferences.
- Receiving an update on the Diversity & Inclusion initiatives within the Entity and ensuring that the right support and resource was in place to set the Diversity & Inclusion agenda up for success.

Suppliers

Suppliers provide critical support to help us operate our business effectively. We work with our suppliers to ensure mutually beneficial relationships.

Customers

Ensuring customer feedback is actioned and communicated back to our customers has remained a priority for us in 2022, particularly in light of the challenging conditions created by the economic situation in the UK. Dedicated members of staff have been focussed on contacting customers who either flag issues through our feedback mechanisms to ensure a resolution is found, or who are promoters of the business to thank them for their feedback and to learn from these positive experiences.

The Entity undertakes and publishes an annual assessment of value for each of the funds. This helps customers assess the value delivered by the funds.

Shareholders

A strong relationship is maintained with HSBC UK through cross-directorships of the Chairman of the Board. Matters to escalate to HSBC UK remains a standing agenda item to ensure that all key issues are reported to our sole shareholder in a timely manner and to ensure that key business decisions are aligned with the HSBC UK strategy.

As a wholly owned subsidiary, the Entity also benefits from certain engagement practices which take place at a HSBC Group level which allow the Entity to have more efficient and effective engagement practices. For details on some of the engagement that takes place with stakeholders at a Group level, please see the HSBC Holdings plc 2022 Annual Report and HSBC Holdings plc Environmental, Social and Governance Update.

M&S plc

The relationship with M&S plc is valued and appropriate steps are taken to ensure that M&S plc are kept up to date on key business activities and decisions. A Committee comprising membership from Marks and Spencer Unit Trust Management Limited, Marks and Spencer Financial Services plc and M&S plc exists to oversee the Entity's business and ensure that this is carried out and in accordance with the principles in the relationship agreement. The Committee sets and monitors the strategy and ongoing development of the business. The Board remains appraised of the relationship with M&S plc through the CEO and management reporting.

Consideration of Stakeholders in Principal Decisions

The Board delegates authority for day-to-day management of the Entity to the executive team and engages management in setting, approving and overseeing execution of the Entity's strategy and related policies. Management conducts much of the Entity's primary engagement with both internal and external stakeholders, with the outputs of this engagement activity providing critical insight and perspective for the Board when taking decisions or challenging management in respect of decisions made on behalf of the Entity.

Depending on the nature of the issue in question the relevance of each stakeholder group may differ. Board decisions will not necessarily result in a positive outcome for all of our stakeholders, but by considering our purpose, vision and values, and having due regard for stakeholder relationships, the Board aims to ensure that its decisions promote the long term success of the Entity.

On behalf of the Board

Phillip Scott

P W Scott
Director

21st March 2023

Kings Meadow
Chester Business Park
Chester CH99 9FB

Report of the Directors

Directors

The Directors of the Entity who were in office during the year and up to the date of signing the financial statements were as follows:

Name
P M Spencer
P W Scott
J Coyle
P Dew

The Articles of Association of the Entity provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Entity 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. All Directors have the benefit of Directors' and officers' liability insurance.

Dividends

A dividend payment of £3m in respect of the year ended 31 December 2022 (2021: £4m).

Significant events since the end of the financial year

No significant events affecting the Entity have occurred since the end of the financial year.

Future developments and Current Performance

The Entity's performance during the year is covered in the Strategic Report. The Entity will continue to support colleagues and customers during the cost of living crisis.

Certain information that is required in the report of Directors under the Companies Act has been described in the Strategic Report on page 1.

Going concern basis

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Entity 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, including future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios that reflect the uncertainty of increasing inflation, the cost of living crisis and the war between Russia and Ukraine have had on our operations, as well as considering potential impacts from other top and emerging risks, and the related impact on profitability, capital and liquidity.

Diversity and inclusion

The Entity is committed to building a culture where individuals are valued, respected and supported; where different ideas, backgrounds, styles and perspectives are actively sought out to create business value; and where career advancement is based on objective criteria. Focus continues on the diversity profile of our workforce to help ensure it is reflective of the communities in which we operate and the customers we serve.

Diversity and inclusion carries the highest level of executive support, and oversight of our diversity agenda and related activities resides with the Diversity and Inclusion Committee.

Employment of people with a disability

The Entity is committed to providing equal opportunities to employees. The employment of people with a disability is included in this commitment. The recruitment, training, career development and promotion of people with a disability are based on the aptitudes and abilities of the individual. Should employees become disabled during employment with us, efforts are made to continue their employment and, if necessary, appropriate training, reasonable equipment and facilities are provided.

Employment policy

The Entity continues to regard communication with its employees as a key aspect of its policies. Information is given to employees about employment matters and about the financial and economic factors affecting the Entity's performance through management channels, oral communication and by way of attendance at internal seminars and training programmes. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions aimed at improving performance. The involvement of employees in the performance of the Entity is further encouraged through a profit participation scheme.

Capital management

It is the Entity's objective to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. The Entity recognises the impact on shareholder returns of the level of equity capital employed within the business and seeks to maintain a prudent balance between the advantages and flexibility afforded by a strong capital position and the higher returns on equity possible with greater leverage. The Entity manages its own capital within the context of the approved annual HSBC Group capital plan, which determines the optimal amount of capital required to support planned business growth.

Capital measurement

The Entity's capital requirements for the year ended 2022 are defined by the regulations applicable to undertakings for Collective Portfolio Management Firms.

Tier 1 Capital comprises shareholders' funds including audited retained reserves.

The calculation of actual capital is shown below.

Calculation of actual capital (*unaudited*)

	2022 £'000	2021 £'000
Share capital	**3,000**	3,000
Retained earnings[1]	**1,465**	1,601
Total capital	**4,465**	4,601

1 Includes reported profit

The Entity held capital resources above the minimum requirement throughout the year.

Corporate Governance Statement

The Entity is committed to high standards of corporate governance. As an ultimate subsidiary of HSBC Holdings plc which complies with the provisions of the UK Corporate Governance Code, the Entity adopted the HSBC Group's Subsidiary Accountability Framework ('SAF') in 2022. The SAF Principles set out the Group's high level expectations for corporate governance arrangements in its subsidiaries. The Entity and its Board considers SAF to be sufficiently comprehensive and robust and has therefore chosen not to adopt another corporate governance code.

During the year ended 31 December 2022 and up to the date of this report, the Entity complied with SAF and HSBC Group policies, frameworks and procedures in addition to its relevant legal and regulatory governance requirements.

How the Directors have Regard to Key Stakeholders and Employees

As described on page 3, the Board considers feedback from engagement exercises with employees and key stakeholders throughout the year. It also has regard to the interest of these stakeholders when considering and approving the Entity's annual operating plan, risk appetite statement, and capital and operating plans, through robust challenge of management's proposals and plans to achieve the Company's strategic objectives, financial targets and key performance indicators. Further details on how the Directors have engaged with employees and had regard to their interests and the need to foster the company's business relationships when making decisions can be found on page 3.

Independent auditors

PricewaterhouseCoopers LLP ('PwC') is the external auditor to the Entity. Following a tender process for the audit of HSBC Holdings plc and its subsidiaries that took place in 2022, it was recommended that PwC be reappointed as auditors for HSBC Group entities effective for periods ending on or after 1 January 2025. A resolution proposing the reappointmont of PricewaterhouseCoopers LLP as auditor of the bank and giving authority to the HSBC Holdings Audit Committee to determine its remuneration will be submitted to the forthcoming Annual General Meeting ('AGM').

Statement of directors' responsibilities in respect of the financial statements

The following statement, which should be read in conjunction with the auditor's statement of their responsibilities set out in their report on page 9 to 11, is made with a view to distinguish the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The directors are responsible for preparing the Annual Report and the financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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 the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Entity's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Entity's auditors are aware of that information.

The financial statements on pages 12 to 23 were approved by the Board of Directors on 21st March 2023 and signed on its behalf by

Phillip Scott

P W Scott
Director
21st March 2023

Kings Meadow
Chester Business Park
Chester CH99 9FB

Independent auditors' report to the members of Marks and Spencer Unit Trust Management Limited

Report on the audit of the financial statements

Opinion

In our opinion, Marks and Spencer Unit Trust Management Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2022; the income statement, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the Directors for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Financial Conduct Authority's ('FCA') regulations and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Identifying and testing journal entries, including those posted with certain descriptions, backdated journals which positively impact the income statement, posted by infrequent and unexpected users and posted in infrequently used accounts;
- Discussions with management and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud; and
- Agreeing financial statement disclosures to underlying supporting documentation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Chris Shepherd.

Chris Shepherd (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
21 March 2023

Financial statements

Income statement for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Interest income		100	4
Interest income		**100**	4
Fee and commission income	2	7,713	8,567
Fee and commission expense	2	(2,622)	(2,777)
Net fee income		**5,091**	5,790
Net (loss)/gain from financial instruments designated at fair value		(15)	8
Net other operating expense)/income		(17)	8
Net operating income		**5,159**	5,810
Employee compensation and benefits	3	(504)	(425)
General and administrative expenses		(1,119)	(1,421)
Total operating expenses		**(1,623)**	(1,846)
Profit before tax		**3,536**	3,964
Tax expense	6	(672)	(752)
Profit for the year		**2,864**	3,212
Total comprehensive income of the year		**2,864**	3,212

All operations are continuing. There has been no comprehensive income or expense other than the profit for the year as shown above (2021: nil).

Balance sheet at 31 December 2022

Registered No: 2253009

	Notes	2022 £'000	2021 £'000
Assets			
Financial assets designated at fair value		**181**	192
Trade and other receivables	9	**6,259**	6,694
Deferred tax assets	7	**3**	3
Total assets		**6,443**	6,889
Liabilities and equity			
Liabilities			
Accruals, deferred income and other liabilities	10	**1,306**	1,535
Current tax liabilities		**672**	753
Total liabilities		**1,978**	2,288
Equity			
Called up share capital	11	**3,000**	3,000
Retained earnings		**1,465**	1,601
Total equity		**4,465**	4,601
Total liabilities and equity		**6,443**	6,889

The accompanying notes on pages 16 to 23 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 21st March 2023 and signed on its behalf by:

Phillip Scott

P W Scott
Director

Statement of cash flows for the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Profit before tax		**3,536**	3,964
Adjustments for:			
Change in operating assets	12	**446**	5,469
Change in operating liabilities	12	**(230)**	(4,758)
Tax paid		**(752)**	(708)
Net cash generated from operating activities		**3,000**	3,967
Cash flows from financing activities			
Dividends paid	8	**(3,000)**	(4,000)
Net cash used in financing activities		**(3,000)**	(4,000)
Net decrease in cash and cash equivalents		**-**	(33)
Cash and cash equivalents brought forward		**-**	33
Cash and cash equivalents carried forward	12	**-**	-

Statement of changes in equity for the year ended 31 December 2022

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 Jan 2022	**3,000**	**1,601**	**4,601**
Profit for the year	**-**	**2,864**	**2,864**
Total comprehensive income for the year	**-**	**2,864**	**2,864**
Dividends to shareholders	**-**	**(3,000)**	**(3,000)**
At 31 Dec 2022	**3,000**	**1,465**	**4,465**

	Called up share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 Jan 2021	3,000	2,389	5,389
Profit for the year	–	3,212	3,212
Total comprehensive income for the year	–	3,212	3,212
Dividends to shareholders	–	(4,000)	(4,000)
At 31 Dec 2021	3,000	1,601	4,601

Equity is wholly attributable to equity shareholders of Marks and Spencer Unit Trust Management Limited.

Notes on the financial statements

1 Basis of preparation and significant accounting policies

1.1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

The financial statements of the Entity have been prepared in accordance with UK adopted international accounting standards and with the requirements of the Companies Act 2006, as applicable to companies reporting under those standards. There were no unendorsed standards effective for the year ended 31 December 2022 affecting these financial statements.

Standards adopted during the year ended 31 December 2022

There were no new accounting standards or interpretations that had a significant effect on the Entity in 2022. Accounting policies have been consistently applied.

(b) Future accounting developments

Minor amendments to IFRSs

The IASB has not published any minor amendments to IFRSs which are effective from 1 January 2022 that are applicable to the Entity. However, the IASB has published a number of minor amendments to IFRSs that are effective from 1 January 2023. The Entity expects they will have an insignificant effect, when adopted, on the financial statements of the Entity.

(c) Presentation of information

The functional currency of the Entity is Sterling, which is also the presentational currency of the financial statements of the Entity. Certain disclosures required by IFRSs have been included in the audited sections of this Annual Report and Financial Statements 2022 as follows:

• capital disclosures are included in the 'Report of the Directors: Capital Management' on Page 6 and 7.

The financial statements are prepared in accordance with the historical cost convention.

(d) Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Entity have 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, including future projections of profitability, cash flows, capital requirements and capital resources. These considerations include stressed scenarios that reflect the uncertainty of increasing inflation, the cost of living crisis and the war between Russia and Ukraine have had on our operations, as well as considering potential impacts from other top and emerging risks, and the related impact on profitability, capital and liquidity.

1.2 Summary of significant accounting policies

(a) Items in the course of collection from other banks

The Entity recognises items in the course of collection from other banks when funds in respect of customer payments are still to be received from other institutions.

(b) Financial instruments designated at fair value through profit or loss

Financial instruments, other than those held for trading, are classified in this category if they meet one or more of the criteria set out below, and are so designated irrevocably at inception:

- the use of the designation removes or significantly reduces an accounting mismatch;
- a group of financial assets, liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; and
- the financial liability contains one or more non-closely related embedded derivatives.

Designated financial assets are recognised when the Entity enters into contracts with counterparties, which is generally on trade date, and are normally derecognised when the rights to the cash flows expire or are transferred. Subsequent changes in fair values are recognised in the income statement in 'Net (loss)/gain from financial instruments designated at fair value'.

The stocks of units held by the Entity are designated as financial instruments held at fair value through profit or loss and are held for trading purposes. They are initially recognised at fair value, with all transaction costs taken to the Income Statement. Fair values are determined by reference to the current bid price. Related dividends arising from the units held are included in 'Net gain/(loss) from financial instruments designated a fair value'.

(c) Trade and other receivables

Trade and other receivables include amounts due from Marks and Spencer Financial Services plc, amounts due from the unit trust fund trustee in respect of the management charge levied by the Entity and annual service fees awaiting settlement.

(d) Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement in which the related item appears.

Current tax is the tax expected to be payable on the taxable profit for the year and on any adjustment to tax payable in respect of previous years. The Entity provides for potential current tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet, and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax is calculated using the tax rates expected to apply in the periods as the assets will be realised or the liabilities settled.

In assessing the probability and sufficiency of future taxable profit, we consider the availability of evidence to support the recognition of deferred tax assets. taking into account the inherent risks in long-term forecasting, including climate change-related, and drivers of recent history of tax losses where applicable. We also consider the future reversal of existing taxable temporary differences and tax planning strategies, including corporate reorganisations.

Current and deferred tax are calculated based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

(e) Accruals, deferred income and other liabilities

Accruals, deferred income and other liabilities include amounts due to Marks and Spencer Financial Services plc in respect of cost re-charges.

(f) Called up share capital

Financial instruments issued are generally 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 the proceeds, net of tax. Share capital for the Entity consists of ordinary shares, issued and fully paid.

(g) Income and expense

Interest income and expense

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value are recognised in 'Interest income' and 'Interest expense' in the income statement using the effective interest method. The Entity receives interest income from funding provided to Marks and Spencer Financial Services plc.

Non-interest income and expense

Fee income is earned from a diverse range of services provided by the Entity to its customers. The Entity receives fee income in the form of management charges levied on the unit trust fund. Fee income is accounted for as follows:

- income earned on the execution of a performance obligation is recognised as revenue when the act is completed (for example, fees arising from negotiating a transaction, such as the acquisition of shares for a third party); and
- income earned from the provision of services is recognised as revenue as the services are provided (for example, asset management services).

Fee expense including investment managers' fees are recognised as services are received or liabilities are accrued.

Dividend revenue is recognised when the right to receive the dividend is established; this is the ex-dividend date of the unit trust funds.

Net gain/loss from financial instruments designated at fair value represents dividends received from stock of units held by the Entity, and the valuation of those units to the current bid price.

Net other operating income/expenses represents the gain/loss on the valuation of stock of units held by the Entity.

2 Net fee income

	2022 £'000	2021 £'000
Fee income		
Management fees	**7,607**	8,442
Registration fees	**106**	122
Initial fees	**0**	3
Total fee income	**7,713**	8,567
Fee expense		
Investment managers' fees	**1,903**	2,071
Fund administration fees	**587**	553
Other fees	**132**	153
Total fee expense	**2,622**	2,777

3 Employee compensation and benefits

Total employee compensation

	2022 £'000	2021 £'000
Wages and salaries	**456**	342
Social security costs	**38**	30
Other pension costs	**10**	53
Year ended 31 Dec	**504**	425

Employee compensation is paid by Marks and Spencer Financial Services plc and recharged to the Entity.

Average number of persons employed by the Entity during the year

	2022 No	2021 No
Head Office Administration	**13**	11
Year ended 31 Dec	**13**	11

4 Directors' emoluments

The aggregate emoluments of the Directors of the Entity, computed in accordance with the Companies Act 2006 as amended by statutory instrument 2008 No. 410, were:

	2022 £'000	2021 £'000
Fees [1]	**50**	50
Salaries and other emoluments [2]	**43**	43
Pension contributions	**3**	3
Annual incentives [3]	**20**	11
Year ended 31 Dec	**116**	107

1 *Fees included fees paid to non-executive Directors.*

2 *No remuneration is disclosed for Directors who are employed by other companies within the HSBC Group and their services are incidental to their other responsibilities within the HSBC Group.*

3 *Awards made to executive Directors in respect of 2022 performance comprise a mixture of cash and HSBC Holdings plc ordinary shares. The amount shown comprised £4,000 in cash, £2,800 in deferred cash (vesting annually over a five year period), £4,000 in immediate shares and £3,700 in deferred shares (vesting annually over a five year period). Vested shares are subject to a retention period of up to one year.*

Awards made to executive Directors in respect of 2021 performance comprise a mixture of cash and HSBC Holdings plc ordinary shares. The amount shown comprised £3,700 in cash, £1,600 in deferred cash (vesting annually over a five year period), £3,700 in immediate shares and £2,000 in deferred shares (vesting annually over a five year period). Vested shares are subject to a retention period of up to one year.

No Directors exercised share options over HSBC Holdings plc ordinary shares during the year (2021: nil).

Awards were made to 2 Directors under long-term incentive plans in respect of qualifying services rendered in 2022 (2021: 2 Directors). During 2022 2 Directors received shares in respect of awards under long-term incentive plans that vested during the year (2021:2)

Discretionary bonuses for Directors are based on a combination of individual and corporate performance and are determined by the Remuneration Committee of the Entity's ultimate parent company, HSBC Holdings plc. The cost of any conditional awards under the HSBC Share Plan and the HSBC Plan 2011 ('the Plans') is recognised through an annual charge based on the fair value of the awards, apportioned over the period of service to which the award relates. Details of the Plans are contained within the Directors' Remuneration Report of HSBC Holdings plc.

Of these aggregate figures, the following amounts are attributable to the highest paid Director for their services to Marks and Spencer Unit Trust Management Limited:

	2022 £'000	2021 £'000
Salaries and other emoluments	**27**	27
Annual incentives [1]	**13**	8
Year ended 31 Dec	**40**	35

1 *Awards made to the highest paid Director in respect of 2021 performance comprise a mixture of cash and HSBC Holdings plc ordinary shares. The amount shown comprised £2,600 in cash, £3,900 in deferred cash (vesting annually over a five year period), £2,600 in immediate shares and £3,900 in deferred shares (vesting annually over a five year period). Vested shares are subject to a retention period of up to one year.*

Awards made to the highest paid Director in respect of 2021 performance comprise a mixture of cash and HSBC Holdings plc ordinary shares. The amount shown comprised £2,400 in cash, £1,300 in deferred cash (vesting annually over a five year period), £2,400 in immediate shares and £1,500 in deferred shares (vesting annually over a five year period). Vested shares are subject to a retention period of up to one year.

Pension contributions of £400 (2021: £400) were made by the Entity in respect of services by the highest paid Director during the year.

5 Auditors' remuneration

	2022 £'000	2021 £'000
Audit fees for statutory audit		
- Fees relating to current year	**24**	22
Fees for other services provided to the Entity		
- Other audit-related services pursuant to regulation	**48**	45
Year ended 31 Dec	**72**	67

6 Tax expense

Tax expense

	2022 £'000	2021 £'000
Current tax		
UK corporation tax		
- For this year	**672**	752
Total current tax	**672**	752
Deferred tax		
- For this year[1]	**-**	-
Total deferred tax	**-**	-
Year ended 31 Dec	**672**	752

The UK corporation tax rate applying to the Entity was 19% (2021: 19%). The main rate (for all profits except ring fence profits) for the years starting January 2022 and 2021 remains at 19%.

1 *The deferred tax credit for the year was £263 (2021: £232.50).*

Tax reconciliation

The tax charged to the income statement is the same (2021: is the same) tax expense that would apply if all profits had been taxed at the UK corporation tax rate as follows:

	2022 £'000	(%)	2021 £'000	(%)
Profit before tax	3,536		3,964	
Tax at 19% (2021: 19%)	672	19.0	752	19.0
Year ended 31 Dec	672	19.0	752	19.0

7 Deferred tax assets

The following table shows the gross deferred tax assets and liabilities recognised in the balance sheet and the related amounts recognised in the income statement:

	Property, plant and equipment 2022 £'000	Property, plant and equipment 2021 £'000
At 1 Jan	3	3
Income statement (charge)/credit[1]	-	-
At 31 Dec	3	3

1 The deferred tax credit for the year was £263 (2021: £232.50).

8 Dividends paid

	2022 £ per share	£'000	2021 £ per share	£'000
Dividends declared on ordinary shares				
Dividend in respect of the previous year	1.00	3,000	1.33	4,000

The total dividend declared on ordinary shares in respect of 2022 was £3m (2021: £4m).

9 Trade and other receivables

	2022 £'000	2021 £'000
Amounts due from other group companies	4,890	5,197
Other assets	1,369	1,497
At 31 Dec	6,259	6,694

Amounts due from other group companies are unsecured and repayable on demand.

Other assets comprise of amounts due from trustees for management charges and unit cancellation and are repayable on demand.

10 Accruals, deferred income and other liabilities

	2022 £'000	2021 £'000
Accruals and deferred income	355	663
Amounts owed to intermediate parent undertaking	115	111
Amounts owed to other group companies	653	711
Other liabilities	183	50
At 31 Dec	1,306	1,535

Amounts repayable to other group companies are unsecured, interest free and have no fixed date of repayments.

11 Called up share capital

Marks and Spencer Unit Trust Management Limited ordinary shares of £1.00 each, issued and fully paid.

	2022 Number	2022 £'000	2021 Number	2021 £'000
Issued, allotted and fully paid up				
Ordinary shares of £1 each				
As at 1 Jan and 31 Dec	**3,000,000**	**3,000**	3,000,000	3,000

12 Analysis of cash flow movements

	2022 £'000	2021 £'000
Change in operating assets		
Change in other assets	**11**	(17)
Change in trade and other receivables	**435**	5,486
	446	5,469
Change in operating liabilities		
Change in accruals and deferred income	**-**	-
Change in other liabilities	**(230)**	(4,758)
	(230)	(4,758)
Cash and cash equivalents comprise		
Cash and cash equivalents	**-**	-

13 Legal proceedings and other regulatory matters

No provisions for legal proceedings and regulatory matters are required (2021: nil).

14 Related party transactions

(a) Transactions with Key Management Personnel

Key Management Personnel ('KMP') are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Entity directly and indirectly and include members of the Board of Directors of the Entity, and the Board of Directors of HSBC UK Bank plc.

IAS 24 'Related Party Disclosures' requires the following additional information for key management compensation.

A number of KMP are not directors of the Entity and are paid by other HSBC Group companies which make no recharge to the Entity. It is not possible to make reasonable apportionment of their emoluments in respect of the Entity. Accordingly, no emoluments in respect of these KMPs is included in the following disclosure.

Members of the Entity's Exec Co are not considered KMP as it is the body of the Exec Co, not individual members, that has the authority and responsibility for planning, directing and controlling the activities of the Entity. 2022 numbers have been prepared on this basis.

The following represents the compensation for Directors of the Entity in exchange for services rendered to the Entity for the period they served during the year.

Compensation of Key Management Personnel

	2022 £'000	2021 £'000
Short-term employee benefits	**113**	104
Post-employment benefits	**3**	3

(b) Transactions with other related parties

Transactions detailed below include amounts due to/from Marks and Spencer Financial Services plc.

	2022		2021	
	Highest balance during the year [1]	Balance at 31 December	Highest balance during the year [1]	Balance at 31 December
	£'000	£'000	£'000	£'000
Assets				
Trade and other receivables	**8,022**	**4,890**	9,619	5,197
Liabilities				
Other liabilities	**744**	**117**	201	102

1 The disclosure of the year-end balance and the highest balance during the year is considered the most meaningful information to represent transactions during the year.

	2022 £'000	2021 £'000
Income statement		
Interest income	**100**	4
Fee expenses	**718**	768
Employee compensation and benefits	**504**	425
General and administrative expenses	**1,153**	1,219

Transactions detailed below include amounts due to HSBC UK Bank plc

	2022 £'000	2021 £'000
Income statement		
Dividends	**3,000**	4,000

Transactions detailed below include amounts due from Unit Trust Funds

	2022 £'000	2021 £'000
Income statement		
Annual service fees (gross fee and commission income)	**10,391**	11,578
Registration fees	**106**	122

Transactions detailed below include amounts due to/from the Trustee

Currently each fund is jointly controlled with the Trustee, which for the year 1 January 2022 to 31 December 2022 was State Street Trustees Limited (Trustees in 2021: State Street Trustees Limited).

The nature of the transactions carried out with the Trustee and their value is shown below:

	2022 £'000	2021 £'000
Unit creations (State Street Trustees Limited)	**(9,653)**	(11,296)
Unit liquidations (State Street Trustees Limited)	**68,863**	75,792
Trustee fees (State Street Trustees Limited)	**58**	55

The amounts receivable at the end of the year were as follows:

	2022 £'000	2021 £'000
Unit creations (State Street Trustees Limited)	**513**	526

Transactions detailed below include amounts due to/from HSBC Bank plc, fellow subsidiaries of HSBC Bank plc and a subsidiary of HSBC Holdings plc

The nature of these transactions and their value is shown below:

	2022 £'000	2021 £'000
HSBC Global Asset Management (UK) Limited – Investment management fees	**1,903**	2,071
HSBC Bank plc – Custody, client services, fund administration	**664**	639

The amounts payable at the end of the year were as follows:

	2022 £'000	2021 £'000
HSBC Global Asset Management (UK) Limited	**(536)**	(609)
HSBC Bank plc	**(115)**	(111)

The above transactions were made in the ordinary course of business and on substantially the same terms, including interest rates and security, as for comparable transactions with persons of a similar standing or, where applicable, with other employees. The transactions did not involve more than the normal risk of repayment or present other unfavourable features.

15 Parent undertakings

The ultimate parent undertaking and ultimate controlling party is HSBC Holdings plc which is the parent undertaking of the largest group to consolidate these financial statements. HSBC UK Bank plc is the parent undertaking of the smallest group to consolidate these financial statements.

All companies are registered in England and Wales.

Copies of HSBC Holdings plc's and HSBC UK Bank plc's consolidated financial statements can be obtained from:

HSBC Holdings plc
8 Canada Square
London E14 5HQ
United Kingdom
www.hsbc.com

HSBC UK Bank plc
1 Centenary Square
Birmingham B1 1HQ
United Kingdom
www.hsbc.com

16 Events after the balance sheet date

No significant events affecting the Entity have occurred since the end of the financial year.