

SOMERS (U.K.) LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2006

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SOMERS (U.K.) LIMITED

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SOMERS (U.K.) LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31
DECEMBER 2006

Business Review

The principal activity of the company is the supply of nominee facilities

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

The Company has no stakeholders other than its parent company

Dividends

The Directors recommend the payment of a dividend of £7,438 in respect of the year ended 31 December 2006 (2005: £nil). The proposed payment will be reflected in the financial statements in the year in which it is paid.

Directors

The Directors who served during the year were as follows:

J M Martin

P H Smith

Resigned 31 December 2006

A L W Law and E K H Ng were appointed as Directors of the Company with effect from 10 August 2007.

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 1985. 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 subscribes to the Better Payment Practice Code, the four principles of which are to agree payment terms at the outset and stick to them, to explain payment procedures to suppliers, to pay bills in accordance with any contract agreed with the supplier or as required by law, and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code are available from The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

During the year, the company received goods and services from group undertakings only. Part VI of Schedule 7 of the Companies Act 1985, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

SOMERS (U.K.) LIMITED
REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31
DECEMBER 2006 (continued)

Disclosure of information to auditors

Each person who is a director at the date of approval of this report confirms that so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 234ZA of the Companies Act 1985.

Statement of directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are responsible for preparing the Report of the Directors 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.

The financial statements are required by law to present fairly the financial position and the performance of the company, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board

Pauline McQuillan
Secretary

Date October 2007

Registered office
8 Canada Square
London
E14 5HQ

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOMERS (U.K.) LIMITED

We have audited the financial statements of Somers (U.K.) Limited for the year ended 31 December 2006 which comprise the income statement, the balance sheet, the cash flow statement, the statement of recognised income and expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985,
- the information given in the Report of the Directors is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

KPMG Audit Plc

7/11/07

2 Cornwall Street
Birmingham
B3 2DL

SOMERS (U.K.) LIMITED
INCOME STATEMENT FOR THE YEAR ENDED
31 DECEMBER 2006

	Note	<u>2006</u> £	<u>2005</u> £
Revenue			
Fees and commissions receivable		3,000	3,000
Finance income			
Interest receivable from parent undertakings	2	166	104
Other interest receivable		<u>31</u>	<u>6</u>
		3,197	3,110
Administrative expenses	3	<u>(1,932)</u>	<u>(1,680)</u>
Profit before tax		1,265	1,430
Tax expense	4	<u>(380)</u>	<u>(429)</u>
Profit for the year		<u>885</u>	<u>1,001</u>

There were no acquisitions and no discontinued operations during the year

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE
YEAR ENDED 31 DECEMBER 2006

There has been no recognised income or expense other than the profit for the year as shown above

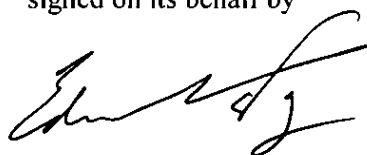
SOMERS (U.K.) LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2006

	Note	<u>2006</u> £	<u>2005</u> £
ASSETS			
Current assets			
Cash and cash equivalents held with parent undertakings		10,346	7,164
Amounts owed by other group undertakings		1,500	1,500
Accrued income		15	-
Total assets		<u>11,861</u>	<u>8,664</u>
LIABILITIES AND EQUITY			
Current liabilities			
Amounts owed to parent undertakings	5	<u>4,421</u>	<u>2,109</u>
Total liabilities		<u>4,421</u>	<u>2,109</u>
Equity			
Called up share capital	6	2	2
Retained earnings		<u>7,438</u>	<u>6,553</u>
Total equity	7	<u>7,440</u>	<u>6,555</u>
Total liabilities and equity		<u>11,861</u>	<u>8,664</u>

These financial statements were approved by the Board of Directors on
signed on its behalf by

2/11/07

and were



Director

SOMERS (U.K.) LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER**
2006

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities	£	£
Profit before tax	1,265	1,430
Adjustments for		
Movements on accrued income	(15)	-
	<u>1,250</u>	<u>1,430</u>
Net cash from operating activities		
Cash flows from financing activities:		
Paid to parent undertaking in respect of group relief	(375)	(429)
Received from parent and other group undertakings in respect		
of other financing activities	2,307	609
	<u>1,932</u>	<u>180</u>
Net cash from financing activities		
Net increase in cash and cash equivalents	3,182	1,610
Cash and cash equivalents brought forward	7,164	5,554
	<u>10,346</u>	<u>7,164</u>
Cash and cash equivalents carried forward		

SOMERS (U.K.) LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

a) Basis of Preparation

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

The company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the EU and effective for the company's reporting for the year ended 31 December 2006. IFRSs comprise accounting standards issued by the International Accounting Standards Board ('IASB') and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

No standards or interpretations which became effective during the year had any impact on these financial statements. No standards or interpretations available for early adoption are expected to have a significant effect on the results or net assets of the company when adopted. IFRS 7 Financial Instruments Disclosures will be implemented by the company in the financial statements for the year ending 31 December 2007 and this is expected to require changes to the detailed disclosures about financial instruments.

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

b) Income tax

Income tax on the profit or loss for the year comprises current tax.

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 balance sheet date and any adjustment to tax payable in respect of previous years.

c) Assets held as nominee

Securities and cash held in trust, agency or fiduciary capacity for customers are not included on the balance sheet as such assets are not the property of the company.

d) Revenue

Revenue represents fees (excluding Value Added Tax) derived from nominee activities. This business is operated entirely within the United Kingdom.

e) Related party transactions

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

SOMERS (U.K.) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

2 **INTEREST RECEIVABLE**

Interest receivable is earned on deposit assets, which are placed with parent undertakings

3 **ADMINISTRATIVE EXPENSES**

The directors made no charge for their services. Auditors' remuneration for audit of these financial statements was £1,932 (2005 £1,932). The company has no employees and hence no staff costs.

4 **TAX EXPENSE**

The tax expense comprises	<u>2006</u>	<u>2005</u>
	£	£
- current tax on income for the year	380	429
Total tax expense	<u>380</u>	<u>429</u>

The tax expense for the year is consistent with the standard rate of corporation tax in the UK 30% (2005 30%).

	<u>2006</u>	<u>2005</u>
	£	£
Analysis of overall tax expense		
Profit before tax	1,265	1,430
Taxation at 30% (2005 30%)	380	429
Overall tax expense (see above)	<u>380</u>	<u>429</u>

5 **AMOUNTS OWED TO PARENT UNDERTAKINGS**

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

6 **SHARE CAPITAL**

	<u>2006</u>	<u>2005</u>
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	2	2

SOMERS (U.K.) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

7 **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>2006</u>	<u>2005</u>
	£	£
Called up share capital		
Balance brought forward and carried forward	2	2
Retained earnings		
Balance brought forward	<u>6,553</u>	<u>5,552</u>
Profit for the year	<u>885</u>	<u>1,001</u>
Total recognised income and expense for the period	<u>885</u>	<u>1,001</u>
Balance carried forward	<u>7,438</u>	<u>6,553</u>
Total shareholders' equity		
Balance brought forward	6,555	5,554
Profit for the year	<u>885</u>	<u>1,001</u>
Balance carried forward	<u>7,440</u>	<u>6,555</u>

8 **PARENT UNDERTAKINGS**

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is HSBC Bank plc. The result of the company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ