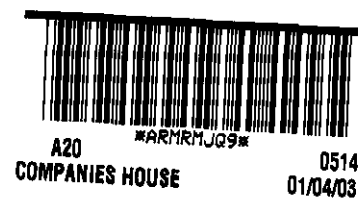


CCF CHARTERHOUSE LIMITED

REGISTERED NUMBER 2803379

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002



CCF CHARTERHOUSE LIMITED

Directors

I C Cotterill
G Denoyel
R W Dix
S J Glass

Secretary

M V Pearce

Registered office

8 Canada Square
London
E14 5HQ

Auditors

KPMG Audit Plc
Chartered Accountants and Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

CCF CHARTERHOUSE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2002

Principal activities

At the start of the year the Company acted as the holding company of the CCF Charterhouse Group. During the year under review a reorganisation of the Company's investments in its remaining subsidiary undertakings took place. On 8 February 2002, the Company sold its interest in Charterhouse Management Services Limited ("CMSL") to CCF SA (formerly Crédit Commercial de France) whereby CMSL became the main United Kingdom holding company for the CCF Charterhouse Group.

Results and dividends

The Company's results for the year under review are as detailed in the statement of profit and loss shown in these accounts.

A first interim dividend of £60,000,000 was paid to the holder of the ordinary shares on 27 June, in respect of the year ended 31 December 2002 (2001: £64,000,000). Two accrued dividends of £760,000 each were also paid to the holder of the preference shares on 27 June and 18 November respectively in respect of the year ended 31 December 2002 (2001: £4,560,000).

A second interim dividend of £39,072,101.51 is payable for the year ended 31 December 2002 (2001: £50,000,000). A third interim dividend of £124,667,291.99 was paid in respect of the year ended 31 December 2001.

Business review

On 19 February 2002 the Company sold its interest in Banque du Louvre SA to CMSL, a sister company wholly owned by CCF SA.

On 29 March 2002 the Company sold its interests in Charterhouse Development Limited, Charterhouse Development (France) Limited and Charterhouse Finance Corporation Limited to CMSL, at net asset value.

With effect from 31 March 2002 the Company sold its interest in HSBC Specialist Investments Limited to HSBC Asset Management Limited.

On 1 November 2002 the Company sold its interest in Charterhouse Inc to HSBC Markets (USA) Inc.

The remainder of the Company's subsidiary investments have either applied to the Registrar of Companies to be dissolved during the year or have applications for dissolution pending.

Directors

The directors who served during the year were as follows:

Name

I C Cotterill
G Denoyel
R W Dix
S J Glass

CCF CHARTERHOUSE LIMITED

REPORT OF THE DIRECTORS (continued)

Directors' interests

All the directors' interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, required to be disclosed under the Companies Act 1985, are set out below:

	<i>HSBC Holdings plc</i> <i>Ordinary shares of US\$0.50 each</i> <i>31 December 2002</i>	<i>1 January 2002</i> <i>(or appointment date)</i>
I C Cotterill	59,502	44,608
G Denoyel	-	-
R W Dix	564	564
S J Glass	8,165	7,632

During the year options over HSBC Holdings plc ordinary shares of US\$0.50 each were granted/exercised as follows:

	<i>Granted</i>	<i>Exercised</i>
I C Cotterill	-	-
G Denoyel	150,000	-
R W Dix	-	-
S J Glass	7,000	-

In addition, G Denoyel is the beneficial owner of 18,153 units in the H Fund of the Plan d'epargne operated by CCF SA, which is mainly invested in HSBC Holdings plc.

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 is available from: The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

It is Company practice to organise payment to its suppliers through a central purchasing unit operated by HSBC Bank plc. The payment performance of this unit is incorporated within the results of that company.

Statement of directors' responsibilities in relation to financial statements

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year under review. The directors are required to prepare these financial statements on the going concern basis unless it is not appropriate. Since the directors are satisfied that the Company has the resources to continue in business for the foreseeable future, the financial statements continue to be prepared on the going concern basis.

The directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

CCF CHARTERHOUSE LIMITED

REPORT OF THE DIRECTORS (continued)

Statement of directors' responsibilities in relation to financial statements (continued)

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



M V Pearce
Secretary

21 March 2003

Registered Office:
8 Canada Square
London
E14 5HQ

CCF CHARTERHOUSE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SOLE MEMBER OF CCF CHARTERHOUSE LIMITED

We have audited the financial statements on pages 6 to 17.

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 are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

London

21 March 2003

CCF CHARTERHOUSE LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2002

	Notes	2002 £000	2001 £000
Investment income	2	46,905	117,023
Fees receivable	3	2,014	-
Administrative expenses		39	(1,837)
Operating profit		48,958	115,186
Release of provision against investments in subsidiary undertakings	14	-	1,193
Charge of provision against investments in subsidiary undertakings and other investments	14&15	-	(284)
Profit and loss on disposal of subsidiary undertakings	4	50,359	7,833
Amounts written-off investments in subsidiary undertakings	5	(14,124)	-
Profit on disposal of investments	6	12,330	-
Profit on ordinary activities before interest and taxation		97,523	123,928
Interest receivable and similar income	7	4,801	1,935
Interest payable and similar charges	8	(73)	(1,414)
Profit on ordinary activities before taxation	9	102,251	124,449
Tax (charge)/credit on ordinary activities	12	(2,039)	1,136
Profit on ordinary activities after taxation		100,212	125,585
Dividends	13	(100,212)	(240,188)
Retained profit/(loss) for the financial year	21	-	(114,603)

The Company has no recognised gains and losses other than those included in the profit and loss account above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.


The investment income and operating profit of the Company are derived from operations that are in the process of being wound down.

CCF CHARTERHOUSE LIMITED

BALANCE SHEET as at 31 December 2002

	Notes	2002 £000	2001 £000
Fixed assets			
Investment in subsidiary undertakings	14	-	156,956
Other investments	15	-	12,331
		-	169,287
Current assets			
Debtors	16	48,849	135,035
Cash at bank	17	119,331	423
		168,180	135,458
Creditors: amounts falling due within one year	18	(40,956)	(177,500)
Net current assets/(liabilities)		127,224	(42,042)
Creditors: amounts falling due after more than one year	19	(1,224)	(1,245)
Net assets		126,000	126,000
Capital and reserves			
Called up share capital	20	126,000	126,000
Profit and loss account	21	-	-
Equity interests		126,000	107,000
Non equity interests		-	19,000
Total shareholder's funds	22	126,000	126,000

The financial statements on pages 6 to 17 were approved by the Board of Directors on 20 March 2003, and signed on its behalf by:-



R W Dix
Director

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002

1. Accounting policies

(a) *Basis of preparation*

These financial statements have been prepared under the historical cost convention and in accordance with accounting standards applicable in the United Kingdom.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

(b) *Income and expense recognition*

In general, income and expenses, including interest, are included in the profit and loss account on an accruals basis, except realisation profits which are credited to income as received.

(c) *Turnover*

The Directors are of the opinion that turnover and cost of sales do not have meaningful equivalents in the business and they are therefore not included in the profit and loss account.

(d) *Foreign exchange*

Transactions denominated in foreign currencies are translated into Sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. The resulting transaction differences are dealt with in the profit and loss account. Fixed assets in foreign currencies are translated into Sterling at the balance sheet date and where these are match funded, by long term foreign currency borrowings, the translation differences arising from matched assets and liabilities are taken to reserves.

(e) *Taxation*

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

(f) *Investments in subsidiary undertakings*

Investments in subsidiary undertakings are included in the balance sheet at cost, less provision for permanent diminution in value.

(g) *Investments*

All equity shares are classified as investment securities. Listed investments are stated individually at the lower of cost and market value, unless the Directors consider there has been a permanent diminution in value, in which case the investment is stated at cost less amounts written off. Unlisted investments are stated in aggregate at the lower of cost less amounts written off and Directors' valuation.

(h) *Cash flow statement*

Under Financial Reporting Standard No. 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

2. Investment income

	2002 £000	2001 £000
Dividends receivable from other investments	4	2,516
Dividends receivable from subsidiary undertakings	46,901	114,507
	<u>46,905</u>	<u>117,023</u>

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002 (continued)

3.	Fees receivable	2002	2001
		£000	£000
	Management fees received	114	-
	Arrangement fees received	1,900	-
		<u>2,014</u>	<u>-</u>
4.	Profit and loss on disposal of subsidiary undertakings	2002	2001
		£000	£000
	Profit on sale of:		
	Charterhouse Management Services Limited	9,760	-
	Charterhouse Finance Corporation Limited	4,572	-
	Charterhouse Development (France) Limited	4	-
	HSBC Specialist Investments Limited	36,415	-
	Charterhouse Inc.	6	-
	Charterhouse Development Capital Holdings Limited	-	7,560
	(Loss)/profit on sale of Charterhouse Securities Holdings	(46)	510
		<u>50,711</u>	<u>8,070</u>
	Other losses	(352)	(237)
		<u>50,359</u>	<u>7,833</u>
For summaries detailing the major profits on the sale of subsidiary undertakings for the year under review, refer to Note 14.			
5.	Amounts written-off investments in subsidiary undertakings	2002	2001
		£000	£000
	Loss on write-down of:		
	Charterhouse Development Loans Limited	(29,000)	-
	CCF Charterhouse Corporate Finance Limited	(9,235)	-
	One Paternoster Row Limited	(19,500)	-
	Charterhouse Development Capital Fund (Holdings) Limited	(1,181)	-
		<u>(58,916)</u>	<u>-</u>
	Intercompany loans forgiven:		
	Charterhouse Development Loans Limited	14,474	-
	CCF Charterhouse Corporate Finance Limited	9,637	-
	One Paternoster Row Limited	19,500	-
	Charterhouse Development Capital Fund (Holdings) Limited	1,181	-
		<u>(14,124)</u>	<u>-</u>
6.	Profit on disposal of investments	2002	2001
		£000	£000
	Profit on disposal of Banque du Louvre	12,330	-

For summaries detailing the profits and loss on the sale of investments, refer to Note 15.

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002 (continued)

7.	Interest receivable and similar income	2002	2001
		£000	£000
	On bank deposits with intermediate parent undertakings	4,801	1,653
	On a subordinated loan	-	238
	From a subsidiary undertaking	-	44
		4,801	1,935
8.	Interest payable and similar charges	2002	2001
		£000	£000
	On overdue tax	-	(2)
	On loan notes	(41)	(70)
	On bank loans repayable to intermediate parent undertakings within 1 year	(32)	(1,342)
		(73)	(1,414)
9.	Profit on ordinary activities before taxation	2002	2001
		£000	£000
	Profit on ordinary activities before taxation is stated after:		
	Charging -		
	Auditors' remuneration in respect of audit services		
	- Current year	-	80
	- Prior year	-	32
	Exchange losses	4	8
	Crediting -		
	Release of provision for prior year audit fees	(80)	-
	Auditors' remuneration for the current year has been borne by a fellow group undertaking.		
10.	Employees		
	The Company had no employees during the financial year (2001: nil).		
11.	Directors remuneration		
	During the current year the Directors' emoluments were borne by a fellow group undertaking and an intermediate parent undertaking. It is not practicable to allocate costs to CCF Charterhouse Limited for the services performed by the Directors in relation to the Company. Directors' emoluments for the prior year amounted to £4,056,000 and were borne by a direct subsidiary undertaking and an intermediate parent undertaking.		

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002 (continued)

12. Tax (charge)/credit on ordinary activities	2002	2001
	£000	£000
a) Analysis of (charge)/credit in year:		
Current tax:		
UK corporation tax at 30% (2001: 30%)	(2,039)	775
Double taxation relief	-	574
Adjustments in respect of previous periods	-	(96)
Overseas taxation	-	(117)
	(2,039)	1,136
b) Factors affecting tax (charge)/credit for the year:		
The tax assessed for the period is less than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
	2002	2001
	£000	£000
Profit on ordinary activities before taxation	102,251	124,449
Profit on ordinary activities before tax at 30%	(30,675)	(37,335)
<i>Effects of:</i>		
Expenses not deductible for tax purposes (primarily losses on intergroup transfers)	(6)	(58)
Release of provisions not previously allowed for tax purposes	-	280
Profit on disposal of investments not taxable	14,570	2,350
Non-taxable UK dividends received	14,072	34,412
Adjustment to tax charge in respect of previous periods	-	(96)
Recognition of capital losses b/fwd	-	1,348
Other (primarily effect of double taxation relief on overseas income)	-	235
Current tax (charge)/credit for year	(2,039)	1,136
13. Dividends	2002	2001
	£000	£000
Non-equity: 8% non-cumulative preference shares		
Proposed	-	(380)
Paid	(1,140)	(1,140)
Equity: ordinary shares		
First interim paid 56.07p per share (2001: 59.81p)	(60,000)	(64,000)
Second interim proposed 31.01p per share (2001: 46.93p)	(39,072)	(50,000)
Third interim paid 0p (2001: 116.51p)	-	(124,668)
	(100,212)	(240,188)

The dividend on the preference shares accrues on 1 April and 1 October of each year. These preference shares were converted into ordinary shares on 17 December 2002, at which time all dividend rights on such shares ceased.

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002 (continued)

14. Investment in subsidiary undertakings	Cost	Provisions	2002 Carrying Value	2001 Carrying Value
	£000	£000	£000	£000
At 1 January	157,624	(668)	156,956	152,744
Additions	-	-	-	83,286
Disposals	(98,040)	-	(98,040)	(24,836)
Write-down	(58,916)	-	(58,916)	-
Release to profit & loss	-	-	-	1,193
Charge to profit & loss	-	-	-	(259)
Return of capital	-	-	-	(55,170)
Exchange adjustments	-	-	-	(2)
At 31 December	668	(668)	-	156,956

The following are the UK subsidiary undertakings of the Company at 31 December 2002:

Name of Undertaking	Shareholding %	Business
CCF Charterhouse SpA	100	In formal liquidation
Charterhouse Pensions Limited	100	Dormant
Charterhouse Middle East Limited	100	Application to strike off 18/11/02
Roboscot (3) Limited	100*	Application to strike off 24/12/02
Landcastle Limited	100	Application to strike off 03/03/03
Charterhouse Development Capital Fund (Holdings) Limited	100	Application to strike off 03/03/03
One Paternoster Row Limited	100	Application to strike off pending
Charterhouse Development Loans Limited	100	Application to strike off pending
CCF Charterhouse Corporate Finance Limited	100	Application to strike off pending

* Indirectly owned

As part of an ongoing Group investment reorganisation, the Company's remaining subsidiary undertakings have either applied to the Registrar of Companies to be dissolved or are in the process of applying for dissolution.

On 8 February 2002, the Company sold its interest in Charterhouse Management Services Limited ("CMSL") to CCF SA. CMSL was sold for cash based on its net asset value plus the uplift to market value on its listed investments as at 31 December 2001. The following summarises the profit on sale:

	£000
Consideration received in cash	61,760
Cost of investment in subsidiary undertaking	(52,000)
Profit on sale	9,760

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002 (continued)

14. Investment in subsidiary undertakings (continued)

On 29 March 2002, the Company sold its interests in Charterhouse Development Limited, Charterhouse Development (France) Limited and Charterhouse Finance Corporation Limited to CMSL. These subsidiaries were sold for cash based on their net asset values as at 31 December 2001. The following summarises the profit on sale:

	£000
Consideration received in cash	9,530
Cost of investment in Charterhouse Development Limited	(2,000)
Cost of investment in Charterhouse Development (France) Limited	(26)
Cost of investment in Charterhouse Finance Corporation Limited	(2,928)
	<hr/>
Profit on sale	4,576
	<hr/>

On 29 March 2002, Charterhouse Development Loans Limited ("CDLL"), a wholly owned subsidiary of the Company, sold its wholly owned subsidiary, Charterhouse Buy-Out Fund Investment Advisers Limited ("CBOFIAL"), to CMSL. CDLL made a profit of £44,094,874 on the sale of CBOFIAL, which was paid to the Company by way of a dividend.

With effect from 31 March 2002, the Company sold its interest in HSBC Specialist Investments Limited ("HSIL") to HSBC Asset Management Limited. HSIL was sold for cash based on its market value as at 31 March 2002. Earnings for the first quarter to 31 March 2002, amounting to £2,806,607, were paid to the Company by way of a dividend. The following summarises the profit on sale:

	£000
Consideration received in cash	135,500
Cost of investment in subsidiary undertaking	(41,085)
Settlement of intercompany loan	(58,000)
	<hr/>
Profit on sale	36,415
	<hr/>

On 1 November 2002, the Company sold its interest in Charterhouse Inc. to HSBC Markets (USA) Inc. Charterhouse Inc. was sold for cash based on a market value of \$10,000 as at 31 October 2002.

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002 (continued)

15. Other investments

	Cost £000	Provisions £000	2002 Carrying Value £000	2001 Carrying Value £000
At 1 January	12,356	(25)	12,331	8,110
Additions	-	-	-	4,824
Disposal proceeds	(24,675)	-	(24,675)	(357)
Provision eliminated on disposal	-	25	25	-
Profit on disposal	12,330	-	12,330	-
Charge to profit & loss	-	-	-	(25)
Exchange adjustments	(11)	-	(11)	(221)
At 31 December	-	-	-	12,331

	2002 £000	2001 £000
Listed investments	-	237
Unlisted investments	-	12,094
	-	12,331
Valuation of listed investments		
On London Stock Exchange – market value	-	450

As part of an ongoing group investment reorganisation the Company sold its other investments as detailed below.

On 19 February 2002, the Company sold its interest in Banque du Louvre to CMSL for €36,522,928. The following summarises the profit on sale:

	£000
Consideration received in cash	22,245
Cost of investment in Banque du Louvre	(9,915)
Profit on sale	12,330

On 22 March 2002, the Company sold its £1 preference share in Charterhouse Capital Partners Limited ("CCPL") to CMSL at par. The Company also sold, for cash, the value of the investments that the preference share in CCPL entitles the holder to receive to CMSL at a net book value of £2,134,555.

On 13 September 2002, the Company sold its shares in Pura plc, a listed investment, to CMSL at book cost of £237,500.

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002 (continued)

16. Debtors	2002	2001
	£000	£000
Group relief receivable from subsidiary undertakings	3	6,853
Corporation tax receivable from subsidiary undertakings	-	7,208
Amounts due from group undertakings	48,846	-
Dividends receivable from subsidiary undertakings	-	120,974
	48,849	135,035

Amounts due from group undertakings are unsecured, interest free and repayable on demand.

17. Cash at bank	2002	2001
	£000	£000
Deposit with an intermediate parent undertaking	119,331	423
18. Creditors: amounts falling due within one year	2002	2001
	£000	£000
Taxation payable	1,161	1,646
Bank loans from intermediate parent undertakings	-	7,951
Amounts due to intermediate parent undertaking	-	2,234
Amounts due to subsidiary undertaking	-	40,142
Other creditors	714	362
Accruals	9	117
Accrued preference dividend	-	380
Ordinary dividend	39,072	124,668
	40,956	177,500

Borrowings and amounts due to group undertakings are unsecured, interest free and repayable on demand.

19. Creditors: amounts falling due after more than one year	2002	2001
	£000	£000
Loan notes are repayable as follows:		
<i>Over five years:</i>		
Loan notes repayable at final maturity on 31 March 2010	1,224	1,245

The loan notes are redeemable at the option of the loan holders. Interest is payable half yearly at the end of March and September each year and is fixed at 6 monthly LIBOR minus 1%.

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002 (continued)

20. Share capital	No of shares '000	£000
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each		
At 1 January 2002	107,000	107,000
Shares redesignated and converted	19,000	19,000
	<hr/>	<hr/>
At 31 December 2002	126,000	126,000
Authorised, allotted, called up and fully paid		
Non-cumulative 8% preference shares of £1 each		
At 1 January 2002	19,000	19,000
Shares redesignated and converted	(19,000)	(19,000)
	<hr/>	<hr/>
At 31 December 2002	-	-
	<hr/>	<hr/>
On 17 December 2002, the 19,000,000 non-cumulative preference shares of £1 each were redesignated and converted to ordinary shares of £1 each.		
21. Profit and loss account	2002 £000	2001 £000
Balance at 1 January	-	114,603
Profit for the financial year	100,212	125,585
Ordinary dividends	(99,072)	(238,668)
Preference dividends	(1,140)	(1,520)
	<hr/>	<hr/>
Balance at 31 December	-	-
	<hr/>	<hr/>
22. Reconciliation of movements in shareholder's funds	2002 £000	2001 £000
Profit for the financial year	100,212	125,585
Ordinary dividends	(99,072)	(238,668)
Preference dividends	(1,140)	(1,520)
	<hr/>	<hr/>
Net movement of shareholder's funds	-	(114,603)
Shareholder's funds at 1 January	126,000	240,603
	<hr/>	<hr/>
Shareholder's funds at 31 December	126,000	126,000
	<hr/>	<hr/>
23. Capital commitments	2002 £000	2001 £000
Commitments -		
Undrawn commitments to lend		
One year and over		
Contract amount	-	801
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2002 (continued)

24. Related party disclosure

Under the terms of the Financial Reporting Standard No. 8, the Company is exempt from disclosing transactions with companies 90% or more controlled within the same group, as the consolidated financial statements in which the Company is included are publicly available. The Company had bank loans from the subsidiaries of its ultimate parent undertaking as disclosed in note 18. Interest payable on the loans is disclosed in note 8 and the bank deposit is disclosed in note 17.

Transactions with Directors and their close family members

No other material transactions were undertaken by Directors or their close family members with the Company or its subsidiary undertakings.

25. Ultimate parent undertaking

The Company's immediate parent undertaking is European Corporate Finance Holding SA, which is incorporated in Luxembourg.

The Company's ultimate controlling party as defined under Financial Reporting Standard 8 "Related Party Disclosures" (FRS 8) is HSBC Holdings plc. The Company is controlled, as defined in FRS 8, by CCF SA (formerly Crédit Commercial de France), incorporated in France.

The smallest and largest groups in which the financial statements of the Company are consolidated are CCF SA and HSBC Holdings plc respectively.

The consolidated financial statements of CCF SA are available from that company at 103, avenue des Champs-Élysées, 75008, Paris, France.

The consolidated financial statements of HSBC Holdings plc are available to the public and may be obtained from HSBC Holdings plc, Group Corporate Affairs, 8 Canada Square, London E14 5HQ.