

CCF CHARTERHOUSE LIMITED

REGISTERED NUMBER 2803379

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003



CCF CHARTERHOUSE LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2003

Principal activities

During the year under review the Company acted as a holding company.

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 £126,448,451.19 was paid to the holder of the ordinary shares on 14 October 2003, in respect of the year ended 31 December 2003 (2002: £60,000,000). No preference dividends were declared in respect of the year ended 31 December 2003 (2002: £1,140,000).

A second interim dividend of £653,810.54 is recommended for the year ended 31 December 2003 (2002: £39,072,101.51).

Business review

On 24 September 2003, following a Special Resolution and a confirmation by an Order of the High Court of Justice, the Company's share capital was reduced from 126,000,000 ordinary shares of £1 each to 1,000 ordinary shares of £1 each.

A requirement of this share capital reduction as sanctioned by the High Court of Justice was to provide both known and contingent creditors with security that the debts of the Company would be settled in the ordinary course of business. The Company set up a separate "blocked" bank account into which it deposited a sum of money equal to the sum of all known and contingent creditors at the date of the share capital reduction.

On 20 October 2003 the Company was acquired from European Corporate Finance Holding SA by Charterhouse Management Services Limited.

Directors

The directors who served during the year were as follows:

<i>Name</i>	<i>Appointed</i>	<i>Resigned</i>
B S Conroy	21/03/2003	18/07/2003
I C Cotterill		30/09/2003
G Denoyel		
R W Dix		18/07/2003
S J Glass		21/03/2003
P J Reid	18/07/2003	
H J Rogers	17/09/2003	

Directors' interests

The terms of a number of Employee Benefit Trusts provide that all employees of HSBC Holdings plc and any of its subsidiary undertakings are potential beneficiaries of the Trusts. As potential beneficiaries of the Trusts, each Director of the Company is deemed to have a technical interest in all of the HSBC Holdings plc ordinary shares of US\$0.50 each held by the Trusts. At 31 December 2003 the Trusts held a total of 110,770,974 ordinary shares of US\$0.50 each (1 January 2003: 88,431,358).

None of the directors at 31 December 2003 had any other interests in the shares of the Company or in the securities of any other company in the group of which it is a member, required to be disclosed under the Companies Act 1985.

CCF CHARTERHOUSE LIMITED

REPORT OF THE DIRECTORS (continued)

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.

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



P J Reid
Director

23 June 2004

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 4 to 12.

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 independent auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2003 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

23 June 2004

CCF CHARTERHOUSE LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2003

	Notes	2003 £000	2002 £000
Investment income	2	-	46,905
Fees receivable	3	130	2,014
Administrative expenses		(308)	39
Operating (loss)/profit		(178)	48,958
(Loss)/profit on disposal of subsidiary undertakings	4	(591)	50,359
Amounts written-off investments in subsidiary undertakings	5	-	(14,124)
Profit on disposal of investments	6	-	12,330
(Loss)/profit on ordinary activities before interest and taxation		(769)	97,523
Interest receivable and similar income	7	3,233	4,801
Interest payable and similar charges	8	(56)	(73)
Profit on ordinary activities before taxation	9	2,408	102,251
Tax credit/(charge) on ordinary activities	12	694	(2,039)
Profit on ordinary activities after taxation		3,102	100,212
Dividends	13	(127,102)	(100,212)
Retained loss for the financial year	20	(124,000)	-

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the result for the year.

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the year.

HISTORICAL COST PROFITS AND LOSSES

No note of historical cost profits and losses has been presented as there is no material difference between the Company's results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

The notes on pages 6 to 12 form part of the financial statements

CCF CHARTERHOUSE LIMITED

BALANCE SHEET as at 31 December 2003

	Notes	2003 £000	2002 £000
Current assets			
Debtors	15	136	48,849
Cash at bank	16	3,922	119,331
		<u>4,058</u>	<u>168,180</u>
Creditors: amounts falling due within one year	17	<u>(1,106)</u>	<u>(40,956)</u>
Net current assets		2,952	127,224
Creditors: amounts falling due after more than one year	18	<u>(952)</u>	<u>(1,224)</u>
Net assets		<u>2,000</u>	<u>126,000</u>
Capital and reserves			
Called up share capital	19	1	126,000
Profit and loss account	20	1,999	-
Total shareholder's funds	21	<u>2,000</u>	<u>126,000</u>

Approved by the Board of Directors on 23 June 2004, and signed on its behalf by:-



P J Reid
Director

The notes on pages 6 to 12 form part of the financial statements

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

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.

(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 in accordance with Financial Reporting Standard 19 "Deferred Tax".

(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) *Cash flow statement*

Under Financial Reporting Standard 1 "Cash Flow Statements", 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

	2003	2002
	£000	£000
Dividends receivable from other investments	-	4
Dividends receivable from subsidiary undertakings	-	46,901
	-	46,905

3. Fees receivable

	2003	2002
	£000	£000
Management fees received	130	114
Arrangement fees received	-	1,900
	130	2,014

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2002 (continued)

4.	(Loss)/profit on disposal of subsidiary undertakings	2003	2002
		£000	£000
	(Loss)/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	(958)	-
	Charterhouse Securities Holdings	-	(46)
	CCF Charterhouse S.p.a	231	-
	Charterhouse Securities Limited	136	-
		(591)	50,711
	Other losses	-	(352)
		(591)	50,359
5.	Amounts written-off investments in subsidiary undertakings	2003	2002
		£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)
		-	(58,916)
	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
		-	(14,124)
6.	Profit on disposal of investments	2003	2002
		£000	£000
	Profit on disposal of Banque du Louvre	-	12,330
7.	Interest receivable and similar income	2003	2002
		£000	£000
	On bank deposits with a group undertaking	3,189	4,801
	On taxation overpaid	44	-
		3,233	4,801

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003 (continued)

8.	Interest payable and similar charges	2003	2002
		£000	£000
	On loan notes	(28)	(41)
	On bank loans repayable to a group undertaking within 1 year	-	(32)
	Other	(28)	-
		<hr/>	<hr/>
		(56)	(73)
		<hr/>	<hr/>
9.	Profit on ordinary activities before taxation	2003	2002
		£000	£000
	Profit on ordinary activities before taxation is stated after:		
	Charging -		
	Exchange losses	-	4
	Crediting -		
	Release of provision for prior year audit fees	-	(80)
	The auditors' remuneration for the current and previous financial years has been borne by the Company's immediate parent undertaking.		
10.	Employees		
	The Company had no employees during the financial year (2002: nil).		
11.	Directors emoluments		
	During the current year the Directors' emoluments were borne by a group undertaking. It is not practicable to allocate costs to CCF Charterhouse Limited for the services performed by the Directors in relation to the Company.		

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)

12. Tax (charge)/credit on ordinary activities	2003	2002
	£000	£000
a) Analysis of credit/(charge) in year:		
Current tax:		
UK corporation tax at 30% (2002: 30%)	(805)	(2,039)
Double taxation relief	47	-
Adjustments in respect of previous periods	1,499	-
Overseas taxation	(47)	-
	<u>694</u>	<u>(2,039)</u>
b) Factors affecting tax credit/(charge) 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:		
	2003	2002
	£000	£000
Profit on ordinary activities before taxation	2,408	102,251
Profit on ordinary activities before tax at 30%	(723)	(30,675)
Effects of:		
Expenses not deductible for tax purposes (primarily losses on intergroup transfers)	-	(6)
(Loss)/profit on disposal of investments not taxable	(82)	14,570
Non-taxable UK dividends received	-	14,072
Adjustment to tax charge in respect of previous periods	1,499	-
Current tax credit/(charge) for year	<u>694</u>	<u>(2,039)</u>
13. Dividends	2003	2002
	£000	£000
Non-equity: 8% non-cumulative preference shares		
Declared	-	(1,140)
Equity: ordinary shares		
First interim paid £126,448.45 per share (2002: 56.07p)	(126,448)	(60,000)
Second interim proposed £653.81 per share (2002: 31.01p)	(654)	(39,072)
	<u>(127,102)</u>	<u>(100,212)</u>

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003 (continued)

14. Investment in subsidiary undertakings

	Cost	Provisions	2003 Carrying Value	2002 Carrying Value
	£000	£000	£000	£000
At 1 January	668	(668)	-	156,956
Disposal proceeds	(231)	-	(231)	(98,040)
Loss on disposal	(437)	-	(437)	-
Write-down	-	-	-	(58,916)
Release to profit & loss	-	668	668	-
At 31 December	-	-	-	-

Below is the principal UK subsidiary undertaking of the Company at 31 December 2003:

Name of Undertaking	Shareholding %	Business
Charterhouse Pensions Limited	100	Dormant

Below is a list of UK subsidiary undertakings of the Company that were dissolved or liquidated during the year:

Name of Undertaking	Shareholding %	Status
CCF Charterhouse SpA	100	Liquidated 07/02/2003
Charterhouse Middle East Limited	100	Dissolved 29/04/2003
Roboscot (3) Limited	100*	Dissolved 13/06/2003
Landcastle Limited	100	Dissolved 29/07/2003
Charterhouse Development Capital Fund (Holdings) Limited	100	Dissolved 29/07/2003
One Paternoster Row Limited	100	Dissolved 27/01/2004
Charterhouse Development Loans Limited	100	Dissolved 20/02/2004
CCF Charterhouse Corporate Finance Limited	100	Dissolved 27/01/2004

* Indirectly owned

15. Debtors

	2003 £000	2002 £000
Group relief receivable from group undertakings	-	3
Amounts due from group undertakings	136	48,846
	136	48,849

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

16. Cash at bank

	2003 £000	2002 £000
Deposits held with group undertaking	3,922	119,331

In terms of the Court sanctioned capital reduction, a requirement was to set up a separate bank account whereby the Company was required to deposit, into the said bank account, an amount equal to all the known on and off balance sheet liabilities at the date of the Court approval. As at 31 December 2003 this deposit account contained a balance amounting to £3,300,775.

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003 (continued)

17. Creditors: amounts falling due within one year	2003	2002
	£000	£000
Taxation payable	339	1,161
Other creditors	106	714
Accruals	7	9
Ordinary dividend	654	39,072
	1,106	40,956

18. Creditors: amounts falling due after more than one year	2003	2002
	£000	£000
Loan notes are repayable as follows:		
Over five years:		
Loan notes repayable at final maturity on 31 March 2010	952	1,224

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%.

19. Share capital	No of shares	£000
	'000	
Authorised		
Ordinary shares of £1 each		
At 1 January 2003	126,000	126,000
Share capital reduction	(125,999)	(125,999)
At 31 December 2003	1	1
Allotted, called up and fully paid		
Ordinary shares of £1 each		
At 1 January 2003	126,000	126,000
Share capital reduction	(125,999)	(125,999)
At 31 December 2003	1	1

On 24 September 2003, the High Court of Justice sanctioned a share capital reduction from 126,000,000 ordinary shares of £1 each to 1,000 ordinary shares of £1 each. No amount was paid to the shareholders for the capital reduction and the balance has been taken to the profit and loss reserve as it is deemed distributable. Subsequent to this transfer a dividend of £126,448,451.19 was paid (See Note 13).

20. Profit and loss account	2003	2002
	£000	£000
Balance at 1 January	-	-
Share capital reduction	125,999	-
Retained loss for the financial year	(124,000)	-
Balance at 31 December	1,999	-

CCF CHARTERHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003 (continued)

21. Reconciliation of movements in shareholder's funds	2003	2002
	£000	£000
Profit for the year attributable to shareholders'	3,102	100,212
Ordinary dividends	(127,102)	(99,072)
Preference dividends	-	(1,140)
Net movement of shareholder's funds	(124,000)	-
Shareholder's funds at 1 January	126,000	126,000
Shareholder's funds at 31 December	2,000	126,000

22. Contingent liability

The Company has a contingent liability of £461,577 in relation to an investment made in a subsidiary undertaking in July 1999 which was subsequently sold in December 2000.

23. Related party disclosure

Under the terms of the Financial Reporting Standard 8 "Related Party Disclosures" (FRS 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. Interest receivable on the bank deposits is disclosed in note 7 and the bank deposits are disclosed in note 17.

24. Ultimate parent undertaking

The Company's immediate parent undertaking is Charterhouse Management Services Limited, which is incorporated in England.

The Company's ultimate controlling party as defined under FRS 8 is HSBC Holdings plc, which is incorporated in England. The Company is controlled, as defined in FRS 8, by Charterhouse Management Services Limited.

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.