

**Lawinsure Limited**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2002**



**REGISTERED NO. 2850415**

## Lawinsure Limited

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2002

#### Principal activities

On 1 January 2002 the business and assets of the Company were sold to HSBC Select (UK) Limited. The Company no longer trades.

#### 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.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2002 (2001: nil).

#### Directors

The directors who served during the year were as follows:

Name	Appointed	Resigned
A M M Dixon	28 June 2002	11 February 2002
C J Burr	28 June 2002	
R S Bright		28 June 2002
N F Davies		28 June 2002
A B Greayer		11 February 2002
O J Owen		11 February 2002

The interests of Messrs Dixon and Burr which require disclosure in accordance with the requirements of the Companies Act 1985, are set out in the Directors' Report and Financial Statements of HSBC Insurance Holdings Limited.

#### 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.

During the year, the Company only received goods and services from group undertakings. 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.

## Lawinsure Limited

### REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2002

#### 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. 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



C J Burr  
Director

21 February 2003

Registered Office:  
8 Canada Square  
London  
E14 5HQ

## Lawinsure Limited

### REPORT OF THE AUDITORS TO THE MEMBERS OF LAWINSURE LIMITED

#### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAWINSURE LIMITED

We have audited the financial statements on pages 4 to 11.

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 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 2002 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

2003

8 Salisbury Square  
London  
EC4Y 8BB

27 February

# Lawinsure Limited

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
<b>Turnover</b>	1(b)/2	-	185,279
Administrative expenses		-	(228,414)
<b>Operating loss</b>		-	(43,135)
Interest payable and similar charges	6	-	(21,176)
<b>Loss on ordinary activities before taxation</b>	3	-	(64,311)
Tax recoverable on loss on ordinary activities	7	-	19,024
<b>Loss on ordinary activities after taxation</b>		-	(45,287)
<b>Retained loss brought forward</b>		(325,720)	(280,433)
<b>Retained loss carried forward</b>		(325,720)	(325,720)

All gains and losses have been dealt with in the profit and loss account.

The notes on pages 6 to 11 form part of these financial statements.

# Lawinsure Limited

## BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £	2001 £
<b>Current assets</b>		-	
Debtors	8	-	57,280
Cash at bank and in hand		-	-
		-	57,280
<b>Creditors: Amounts falling due within one year</b>	9	(320,720)	(378,000)
<b>Net current liabilities</b>		(320,720)	(320,720)
<b>Capital and reserves</b>			
Called up share capital	10	5,000	5,000
Profit and loss account	11	(325,720)	(325,720)
Shareholders' funds	12	(320,720)	(320,720)

The financial statements were approved  
by the Board of Directors on 21 February 2003



A. M. M. DIXON  
Director

The notes on pages 6 to 11 form part of these financial statements.

## **Lawinsure Limited**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

##### **(a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention on a going concern basis and in accordance with applicable accounting standards, notwithstanding the deficiency of shareholders' funds, on the basis that the holding company will continue to provide or procure any finance required by the Company.

##### **(b) Turnover**

Turnover comprises commissions receivable in respect of personal lines and professional indemnity insurance.

Commission income is generally recognised when the business is charged except in the case of certain personal lines business where recognition is deferred until receipt of payment.

##### **(c) Cash Flow Statement**

The Company is a subsidiary of another company incorporated in Great Britain, whose consolidated accounts include a cash flow statement prepared under FRS 1 and incorporate the cash flows of this Company, which are wholly or partly dependent on the group's overall cash or funding position. In the circumstances, the Directors consider that a cash flow statement is not required under FRS 1 as it is classed as a small company for exemption purposes.

#### **2. TURNOVER**

The whole of the Company's turnover is derived in the UK.

# Lawinsure Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £	2001 £
Auditors' remuneration - for audit work	-	5,500

### 4. REMUNERATION OF DIRECTORS

A.M.M. Dixon and C. J. Burr were employed and remunerated by a parent undertaking. No charge was made for services provided to the Company. Details of other directors' emoluments are given below:

	2002 £	2001 £
Directors' emoluments	-	75,745

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £nil (2001: £37,679). He was not a member of any pension scheme.

	Number of directors 2002	Number of directors 2001
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	-	1



# Lawinsure Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 5. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2002 Number	2001 Number
Administration	-	6

The aggregate payroll costs of these persons were as follows:

	2002 £	2001 £
Wages and salaries	-	70,537
Social security costs	-	10,784
Other pension costs	-	6,160
	-	87,481

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
On bank loans and overdrafts	-	-
On all other loans	-	21,176
	-	21,176

# Lawinsure Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 7. TAXATION

	2002	2001
	£	£
UK Corporation tax at 30% (2001: 30%) on the loss for the year on ordinary activities	-	(19,024)
Total current tax	-	(19,024)
Deferred tax	-	-
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities for the year	-	(19,024)
Factors affecting the tax charge for the year		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:	-	
Loss on ordinary activities before tax	-	(64,311)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%),	-	(19,293)
Effects of Permanent differences in respect of disallowed expenses	-	267
Adjustment to current tax in respect of prior periods	-	2
Current tax charge (as above)	-	(19,024)

### 8. DEBTORS

	2002	2001
	£	£
Amounts due within one year:		
Amounts owed by Group Undertakings	-	32,842
Corporation tax recoverable - Group relief	-	24,438
	-	57,280

# Lawinsure Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade Creditors	-	-
Amounts owed to Group undertakings	320,720	350,000
Accruals and deferred income	-	28,000
	320,720	378,000

### 10. SHARE CAPITAL

	2002 £	2001 £
<b>Authorised:</b>		
5,000 Ordinary shares of £1 each	5,000	5,000
<b>Issued:</b>		
Share capital allotted, called up and fully paid:		
5,000 Ordinary shares of £1 each	5,000	5,000

### 11. PROFIT AND LOSS ACCOUNT

This is made up as follows:

	2002 £	2001 £
At beginning of year	(325,720)	(280,433)
Current year retained loss	-	(45,287)
	(325,720)	(325,720)

### 12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Opening shareholders' funds	(320,720)	(275,433)
Loss on ordinary activities after taxation	-	(45,287)
Closing shareholders' funds	(320,720)	(320,720)

**Lawinsure Limited****NOTES TO THE FINANCIAL STATEMENTS****13. RELATED PARTIES**

Under Financial Reporting Standard No. 8 the Company is exempt from disclosing transactions within the HSBC Group as the Company is more than 90% owned subsidiary of that Group whose annual accounts are publicly available.

**14. ULTIMATE HOLDING COMPANY**

The Company's ultimate holding Company is HSBC Holdings plc. which is incorporated in Great Britain and registered in England and Wales.

The parent company of the smallest group of which the Company is a member and for which group accounts are prepared is headed by HSBC Insurance Brokers Limited, which is registered in England and Wales. The consolidated financial statements of HSBC Insurance Brokers Limited are available from 8 Canada Square, London E14 5HQ.

The largest group in which the results of the Company are consolidated is that headed by HSBC Holdings plc. The consolidated financial statements of HSBC Holdings plc are available from 8 Canada Square, London E14 5HQ.