

Financial Statements
31 December 2010

Registered No: 3135503

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Financial Statements

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**Directors' report for the year ended
31 December 2010**

Principal activities

The Company's principal activity is to act as an investment holding and management company

No change in the Company's activities is anticipated

Business review

The principal activities of the Company are set out above

During the year the company sold its stake in the joint venture, Holmwoods Termtime Collections to the joint venture partner Premium Credit Limited

Risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in note 13 of the financial statements

Performance

The Company's results for the year under review are as detailed in the income statement shown in these accounts

Future developments

Following the sale of the investment in Holmwoods Termtime Collections, it is likely that the directors will consider future options for this company

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2010 (2009 £Nil) Dividend payments will be reflected in the financial statements in the period in which they are declared

Going concern basis

The Financial Statements are prepared on a going concern basis, as the Directors are satisfied that the Company 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

**Directors' report for the year ended (continued)
31 December 2010**

Directors

The Directors who served during the year were as follows

Name	Appointed	Resigned
G A Faux	-	-
P J Newnham	-	26 March 2010
C J Galyer	-	26 March 2010
P P C Gregory	26 March 2010	31 May 2010
D A Clow	31 May 2010	-
N G Hinshelwood	31 May 2010	24 February 2011
J T Greene	24 February 2011	-

Employment of disabled persons

The Company is committed to providing equal opportunities to employees. The employment of disabled persons is included in this commitment and the recruitment, training, career development and promotion of disabled persons is based on the aptitudes and abilities of the individual. Should employees become disabled during employment, every effort would be made to continue their employment and, if necessary, appropriate training would be provided.

Employment policy

The Company 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 Company's performance through management channels. Employees are encouraged to discuss operational and strategic issues with their line management and to make suggestions aimed at improving performance.

Supplier payment policy

The Company does not currently subscribe to any code or standard on payment practice. It is the Company's policy, however, to settle the terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

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

Capital management

The Company is not subject to externally imposed capital requirements and is dependent on the HSBC group to provide necessary capital resources which are therefore managed on a group basis.

The Company defines capital as total shareholders' equity. It is HSBC's objective to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. There were no changes to the Company's approach to capital management during the year.

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 auditor is 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 auditor is aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

Auditors

KPMG Audit Plc are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

Directors' report for the year ended (continued)

31 December 2010

Statement of Directors' responsibilities in respect of the Directors' report and 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 5, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the Auditor in relation to the financial statements

The Directors are responsible for preparing the Directors' Report 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 International Financial Reporting Standards ('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 2006 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, and
- state whether they have been prepared in accordance with IFRSs as adopted by the EU.

The Directors are required to prepare the 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 are responsible for ensuring that sufficient accounting records are kept 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 2006. 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.

On behalf of the Board



Kate Hudson

Company Secretary

Registered Office

8 Canada Square

London

E14 5HQ

5 September 2011

Independent Auditor's Report to the Members of Holmwoods Termtime Credit Limited

We have audited the financial statements of Holmwoods Termtime Credit Limited for the year ended 31 December 2010 set out on pages 6 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the EU, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



N B Priestley (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

5 September 2011

Financial Statements**Income statement for the year ended 31 December 2010**

	<i>Notes</i>	2010 £'000	2009 £'000
Revenue		420	1,170
Gain on sale of investment in subsidiary	7	1,260	-
Finance income/(costs)			
Finance income	3	38	167
Finance expense	3	(38)	(167)
General and administrative expenses	5	118	12
Profit before tax		1,798	1,182
Tax expense	6	(152)	(216)
Profit for the year		1,646	966

The accounting policies and notes on pages 10 to 18 form an integral part of these financial statements

Statement of Comprehensive income for the year ended 31 December 2010

There has been no comprehensive income or expense other than the profit for the year as shown above (2009 Nil)

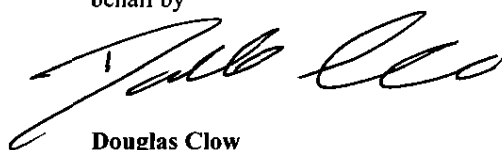
Holmwoods Termtime Credit Limited
Financial Statements (continued)

Statement of financial position as at 31 December 2010

	Notes	2010 £'000	2009 £'000
ASSETS			
Current assets			
Receivables	8	4,930	20,169
Total assets		<u>4,930</u>	<u>20,169</u>
LIABILITIES AND EQUITY			
Current liabilities			
Bank Overdraft	9	-	16,710
Current tax liabilities		<u>1</u>	<u>176</u>
Total liabilities		<u>1</u>	<u>16,886</u>
Equity			
Called up share capital	10	-	-
Retained earnings		<u>4,929</u>	<u>3,283</u>
Total shareholders' equity		<u>4,929</u>	<u>3,283</u>
Total equity and liabilities		<u>4,930</u>	<u>20,169</u>

The accounting policies and notes on pages 10 to 18 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 5 September 2011 and were signed on its behalf by



Douglas Clow
Director

Company Registered Number 3135503

Financial Statements (continued)**Statement of cash flows for the year ended 31 December 2010**

	<i>Notes</i>	2010 £'000	2009 £'000
Cash flows from operating activities			
Profit after tax		1,646	966
Adjustments for			
– Interest income	3	(38)	(167)
– Interest expense	3	38	167
– Change in operating assets		15,239	327
– Change in operating liabilities		-	(16)
– Tax payable	6	152	216
Net cash generated from operating activities		<u>17,037</u>	<u>1,493</u>
Taxation (paid)		<u>(327)</u>	<u>(148)</u>
Cash flows from investing activities		16,710	1,345
Interest received		<u>38</u>	<u>167</u>
Net cash from investing activities		<u>38</u>	<u>167</u>
Cash flows from financing activities			
Interest paid		<u>(38)</u>	<u>(167)</u>
Net cash from financing activities		<u>(38)</u>	<u>(167)</u>
Net increase in cash and cash equivalents		16,710	1,345
Cash and cash equivalents brought forward		<u>(16,710)</u>	<u>(18,055)</u>
Cash and cash equivalents carried forward		<u>-</u>	<u>(16,710)</u>

Financial Statements (continued)**Statement of changes in equity for the year ended 31 December 2010**

	Called up share capital	Retained earnings	Total shareholders' equity
	£'000	£'000	£'000
Year Ended 31 December 2010			
At 1 January 2010	-	3,283	3,283
Profit for the year	-	1,646	1,646
	<hr/>	<hr/>	<hr/>
At 31 December 2010	-	4,929	4,929

	Called up share capital	Retained earnings	Total shareholders' equity
	£'000	£'000	£'000
Year Ended 31 December 2009			
At 1 January 2009	-	2,317	2,317
Profit for the year	-	966	966
	<hr/>	<hr/>	<hr/>
At 31 December 2009	-	3,283	3,283

Shareholders' equity is wholly attributable to equity shareholders

Notes on the Financial Statements (continued)

1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

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 issued by the International Accounting Standards Board ('IASB') and as endorsed by the European Union ('EU'). EU-endorsed IFRSs may differ from IFRSs as issued by the IASB if, at this point in time, new or amended IFRSs have not been endorsed by the EU. At 5 September 2011, there were no unendorsed standards effective for the year ended 31 December 2010 affecting these financial statements, and there was no difference between IFRSs endorsed by the EU and IFRSs issued by the IASB in terms of their application to the Company. Accordingly, the Company's financial statements for the year ended 31 December 2010 are prepared in accordance with IFRSs as issued by the IASB.

IFRSs comprise accounting standards issued by the IASB and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') and its predecessor body.

During 2010, the Company adopted the following amendments to standards and interpretations:

The Company adopted the revised IFRS 3 'Business Combinations' and amendments to IAS 27 'Consolidated and Separate Financial Statements'. The main changes under the standards are that:

- acquisition-related costs are recognised as an expense in the income statement in the period in which they are incurred,
- all consideration transferred, including contingent consideration, is recognised and measured at fair value at the acquisition date,
- equity interests held prior to control being obtained are re-measured to fair value at the date of obtaining control, and any gain or loss is recognised in the income statement,
- changes in a parent's ownership interest in a subsidiary that do not result in a change of control are treated as transactions between equity holders and are reported in equity, and
- an option is available, on a transaction-by-transaction basis, to measure any non-controlling (previously referred to as minority) interests in the entity acquired either at fair value, or at the non-controlling interests' proportionate share of the net identifiable assets of the entity acquired.

The changes had no impact on the financial statements.

During 2010, in addition to the above, the Company adopted a number of standards, interpretations and amendments thereto which had an insignificant effect on the financial statements.

(b) Future accounting developments

At 5 September 2011 a number of standards and interpretations, and amendments thereto, had been issued by the IASB, which are not effective for the Company's financial statements as at 31 December 2010. Those which are expected to have a significant effect on the Company's financial statements are discussed below.

Standards and Interpretations issued by the IASB but not endorsed by the EU

IFRS 9 'Financial Instruments' introduces new requirements for the classification and measurement of financial assets. The standard is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted, although the IASB have issued proposals to defer this to 1 January 2015 as noted below. IFRS 9 is required to be applied retrospectively. If the standard is adopted prior to 1 January 2012, an entity will be exempt from the requirement to restate prior period comparative information. IFRS 9 is subject to EU endorsement, the timing of which is uncertain. Accordingly, the Company is unable to provide a date by which it plans to apply IFRS 9.

The main changes to the requirements of IAS 39 are summarised below:

- All financial assets that are currently in the scope of IAS 39 will be classified as either amortised cost or fair value. The available-for-sale and held-to-maturity categories will no longer exist.

Notes on the Financial Statements (continued)

- Classification is based on an entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Reclassifications between the two categories are prohibited unless there is a change in the entity's business model.
- A financial asset is measured at amortised cost if two criteria are met: i) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and ii) the contractual cash flows of the instrument are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Movements in the fair value of financial assets classified at fair value are recognised in profit or loss, except for equity investments where an entity takes the option to designate an equity instrument that is not held for trading at fair value through other comprehensive income. If this option is taken, all subsequent changes in fair value are recognised in other comprehensive income with no recycling of gains or losses to the income statement. Dividend income would continue to be recognised in the income statement.
- An entity is only permitted to designate a financial asset otherwise meeting the amortised cost criteria at fair value through profit or loss if doing so significantly reduces or eliminates an accounting mismatch. This designation is made on initial recognition and is irrevocable.
- Financial instruments which contain embedded derivatives are to be classified in their entirety either at fair value or amortised cost depending on whether the contracts as a whole meet the relevant criteria under IFRS 9.

IFRS 9 is the first instalment in the IASB's planned phased replacement of IAS 39 with a less complex and improved standard for financial instruments. The next steps in the IASB's project will address the classification and measurement requirements for financial liabilities, the impairment of financial assets measured at amortised cost and hedge accounting. The IASB did not finalise the replacement of IAS 39 by its stated target of June 2011, and the IASB and the US Financial Accounting Standards Board have agreed to extend the timetable beyond this date to permit further work and consultation with stakeholders. As a consequence, the IASB is consulting on its proposal to change the effective date of IFRS 9 to 1 January 2015 to facilitate the adoption of the entire replacement of IAS 39. The EU is not expected to endorse IFRS 9 until the completed standard is available. Therefore, the Company remains unable to provide a date by which it plans to apply IFRS 9 and it remains impracticable to quantify the impact of IFRS 9 as at the date of publication of these financial statements.

No other 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.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except where stated otherwise.

(c) Going concern

The company has adequate resources to continue in operational existence for the foreseeable future. The financial statements have been prepared under the going concern concept.

(d) General information

Holmwoods Termtime Credit Limited is a company domiciled and incorporated in England and Wales.

2 Summary of significant accounting policies**(a) Revenue**

The Company recognises, as revenue, 50% revenue arising from the joint venture Holmwoods Termtime Collection which is an unincorporated joint venture.

Income earned on the execution of a significant act is recognised as revenue when the act is completed. Income earned from the provision of services is recognised as revenue as the services are provided.

(b) Interest income and expense

Interest income and expense for all interest bearing financial instruments is recognised in 'Interest income' and 'Interest expense' in the income statement using the effective interest method. The effective interest method is a

Notes on the Financial Statements (continued)

way of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

Interest on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

(c) Dividend income

Dividend income is recognised in the income statement when the right to receive payment is established.

(d) Income Tax

Income tax comprises current and deferred tax and is recognised in the income statement.

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 end of the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated using the tax rates expected to apply in the periods in which the assets will be realised or the liabilities settled, based on tax rates and laws enacted, or substantively enacted, by the end of the reporting period. Deferred tax assets and liabilities are offset when they arise in the same tax reporting group and relate to income taxes levied by the same taxation authority, and when the Company has a legal right to offset.

(e) Subsidiaries

The Company classifies investments in entities in which it controls as subsidiaries. The Company's investments in subsidiaries are stated at cost less any impairment losses. Any impairment loss recognised in prior periods shall be reversed through the income statement if, and only if, there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

(f) Financial assets and liabilities

(i) Loans and receivables

Loans and receivables include loans and receivables originated by the Company which are not classified either as held for trading or designated at fair value. Loans and receivables are recognised when cash is advanced to borrowers. They are derecognised when either borrowers repay their obligations, or the loans are sold or written off, or substantially all the risks and rewards of ownership are transferred. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less impairment losses.

(ii) Financial liabilities

Financial liabilities are initially measured at fair value less any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised when the Company becomes party to the contractual provisions of the instrument. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

A group undertaking acts as a treasury function, providing funding for the Company through an inter-company current account.

Notes on the Financial Statements (continued)

(iii) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition, and include cash.

Bank overdrafts are shown within other financial liabilities on the statement of financial position.

(g) Impairment of loans and receivables

Losses for impaired loans are recognised promptly when there is objective evidence that impairment of a loan or portfolio of loans has occurred. Impairment losses are calculated on individual loans and on groups of loans assessed collectively. Impairment losses are recorded as charges to the income statement. The carrying amount of impaired loans on the statement of financial position is reduced through the use of impairment allowance accounts. Losses expected from future events are not recognised.

Individually assessed impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate, and comparing the resultant present value with the loan's current carrying amount.

Collectively assessed impairment losses are calculated on the basis of past experience, current economic conditions and other relevant factors to provide for losses not yet specifically identified.

Financial assets are written off to the extent that there is no realistic prospect of recovery.

(h) Provisions for liabilities and charges

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a current legal or constructive obligation, which has arisen as a result of past events, and for which a reliable estimate can be made of the amount of the obligation.

(i) Share capital

Shares are 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 proceeds, net of tax.

Dividends payable in relation to equity shares are recognised as a liability in the period in which they are declared.

(j) Statement of cash flows

The statement of cash flows has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in inter-company transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

(k) Determination of fair value

All financial instruments are recognised initially at fair value. In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (that is, the fair value of the consideration given or received).

Subsequent to initial recognition, the fair values of financial instruments measured at fair value that are quoted in active markets are based on bid prices for assets held and offer prices for liabilities issued. When independent prices are not available, fair values are determined by using valuation techniques which refer to observable market data. These include comparison to similar instruments where market observable prices exist, discounted cash flow analysis and other valuation techniques commonly used by market participants.

Fair values are calculated by discounting future cash flows on financial instruments, using equivalent current interest rates.

(l) Use of assumptions and estimates

When preparing the financial statements, it is the Directors' responsibility to select suitable accounting policies and to make judgements and estimates that are reasonable and prudent.

Notes on the Financial Statements (continued)

1. Accounting policies

There are no accounting policies that are deemed critical to the Company's IFRS results and financial position, in terms of materiality of the items to which the policy is applied, which involve a high degree of judgement and estimation

Notes on the Financial Statements (continued)

3 Finance income/(costs)

	2010 £'000	2009 £'000
Interest income from Joint Venture Partnership	38	167
Total Finance Income	38	167
Interest expense from other group undertakings	(38)	(167)
Total Finance expense	(38)	(167)

4 Directors' emoluments

The Directors of the Company are employed and remunerated as executives of other HSBC Group undertakings. No charge for their services has been made in the period (2009 Nil)

5 General and administrative expenses

General and administrative expenses include audit fees of £1,500 (2009 £4,000). The remainder of the balance arises from the release a creditor balance relating to the joint venture. Following the sale of its interest in the joint venture the Company has no longer the liability for this balance.

6 Tax expense

	Notes	2010 £'000	2009 £'000
Current tax			
UK Corporation tax			
– on current year profit		151	331
– adjustments in respect of prior years		1	(115)
Total current tax		152	216
Tax expense		152	216

The UK corporation tax rate applying to the Company was 28 per cent (2009 28 per cent)

The following table reconciles the tax expense

	2010 £'000	Percentage of overall profit before tax %	2009 £'000	Percentage of overall profit before tax %
Taxation at UK corporation tax rate of 28% (2009 28%)	503	28%	331	28.0%
Adjustments in respect of prior years	1	0.1%	(115)	(9.8)%
Non-taxable chargeable gain as offset by capital losses in group	(352)	(19.6)%	-	-
Overall tax expense	152	8.5%	216	18.2%

In addition to the amount charged to the income statement, the aggregate amount of current and deferred tax, relating to components of other comprehensive income, was nil

Notes on the Financial Statements (continued)**7 Interest in Joint Venture**

The Company had a 50% interest in an unincorporated joint venture, Holmwoods Termtime Collections, which was held in the balance sheet at a value of £nil. The joint venture's principal activity is the provision of financing products to schools. Its principal place of business is Premium Credit House, 60 East Street, Epsom, Surrey KT17 1HB.

On 13th May 2010 the Company sold its interest in the joint venture partnership, Holmwoods Termtime Collections, to Premium Credit Limited. The Company received a total of £2,850,000, for which £1,260,000 is the consideration and gain on sale of the joint venture partnership, and £1,590,000 is settlement of the company's share of the joint venture profits for 2009 and 2010. There is no tax liability in relation to the disposal of the joint venture because there are sufficient capital losses in the group to offset the gain.

8 Receivables

	2010 £'000	2009 £'000
Due from joint venture partnership	-	17,762
Due from parent undertakings	4,930	-
Due from fellow subsidiaries	-	2,407
	<u>4,930</u>	<u>20,169</u>

9 Cash and Cash Equivalents

	2010 £'000	2009 £'000
Bank Overdraft	-	(16,710)

The principal bankers to the Company are HSBC Bank plc, a fellow subsidiary of HSBC Holdings plc.

Prior to the sale of its interest in the joint venture Holmwoods Termtime Collections Partnership, the bank was held under an arrangement with Holmwoods Termtime Collections Partnership whereby the company invested the partnership's cash on its behalf and remitted all interest received thereon to the partnership. The balance was offset by an equal balance included within debtors due from joint venture partnership.

10 Share capital

	2010 £'000	2009 £'000
Allotted, called up and fully paid		
One Ordinary share of £1 each	-	-

The concept of authorised share capital was abolished under the UK Companies Act 2006 with effect from 1 October 2009 and consequential amendments to HSBC Holmwoods Termtime Credit Limited Articles of Association were approved by shareholder resolution on 21 January 2011.

On 1 January 2010 the authorised ordinary share capital of Holmwoods Termtime Credit was £100 divided into 100 ordinary shares of £1.00 each.

11 Dividends

The directors do not intend to pay a dividend in respect of 2010 (2009: £Nil).

Notes on the Financial Statements (continued)

12 Analysis of financial assets and liabilities by measurement basis

The following tables analyse the carrying amount of financial assets and liabilities by category as defined in IAS 39 and by heading in the statement of financial position

At 31 December 2010	Fair value through profit or loss	Available- for-sale investments	Loans and receivables	Financial assets and liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000
Assets					
Receivables	-	-	-	4,930	4,930
Total financial assets	-	-	-	4,930	4,930
Total assets					4,930
Liabilities					
Other financial liabilities	-	-	-	(1)	(1)
Total liabilities					(1)
At 31 December 2009	Fair value through profit or loss	Available- for-sale investments	Loans and receivables	Financial assets and liabilities at amortised cost	Total
	£'000	£'000	£'000	£'000	£'000
Assets					
Receivables	-	-	-	20,169	20,169
Total financial assets	-	-	-	20,169	20,169
Total assets					20,169
Liabilities					
Overdraft	-	-	-	(16,710)	(16,710)
Other financial liabilities	-	-	-	(176)	(176)
Total liabilities					(16,886)

13 Risk Management

The Company has exposure to the following types of risk arising from its use of financial instruments credit risk and liquidity risk

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this note

Exposure to credit risk, liquidity risk, investment risk and market risk arises in the normal course of the Company's business The Company's risk management policies are consistent with the HSBC Group's risk management policies

The Company participates in transactions to which other HSBC group companies are also party The HSBC business in which these companies reside (the "Business") has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant company

Notes on the Financial Statements (continued)

As part of that process, the Business' management will review the monthly management accounts of the Business. There were no changes in the Company's approach to risk management during the year.

Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty fails to meet its obligations under a contract. It arises principally from advances. The Company's exposure to credit risk, is limited to Group entities, and given their high credit ratings, management does not expect these counterparties to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

There has been no change in the fair value of the assets exposed to credit risks as a result of credit downgrades.

Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from group undertakings.

The Business manages liquidity risk for this entity as described above for risks generally.

All financial liabilities are repayable on demand.

14 Related party transactions

The Company has a related party relationship with its parent and with other group undertakings.

All banking arrangements were with other HSBC group undertakings. All other transactions are with other Group undertakings. These transactions are on standard terms.

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.

HSBC Insurance Services Holdings Limited is the Company's immediate controlling party.

The result of the Company is included in the group financial statements of HSBC Holdings plc.

Copies of the group financial statements of HSBC Holdings plc may be obtained from the following address:

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

15 Contingent liabilities

There were no contingent liabilities at 31 December 2010 (2009: £nil).

16 Subsequent events

There are no other subsequent events requiring disclosure in the financial statements.