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HSBC ROSE (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

Registered Number: 4415639



HSBC ROSE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009

Principal activities

The Company's principal activity is to invest in the preference share capital of a company that is a subsidiary undertaking of another fellow group company. No change in the Company's activities is anticipated.

Business review

During the year the Company continued to manage its financing transactions. The Company has no employees. Services required are provided by fellow HSBC Group companies. The Company has no stakeholders other than its parent company.

Future developments

No new financing transactions are anticipated at this time.

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 10 of the financial statements.

Performance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU').

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

The key performance indicator used by management in assessing the performance of the Company is the monitoring of the net return on the underlying transaction the Company has entered into. Monthly management accounts are prepared and reviewed by the management of the HSBC business in which this Company resides.

Dividends

The Directors recommended and paid a dividend of £15,723,508, being £0.1579 per share, in respect of the year ended 31 December 2009 (2008: £nil).

HSBC ROSE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

Directors

The Directors who served during the year were as follows

Appointed

R L H Bencard

K A Singleton

G Owen-Conway

M T Fleming (formerly M T
Dillon)

N Manjanath

J Tailor

25 March 2009

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors

Supplier payment policy

The Company 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.

During the year, the Company received goods and services from group undertakings only. Part 5 of Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

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.

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.

HSBC ROSE (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

Statement of Directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the 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 the Directors have elected to prepare the financial statements in accordance with IFRSs as adopted by the European Union ('EU').

The financial statements are required by law and IFRSs as adopted by the EU 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.

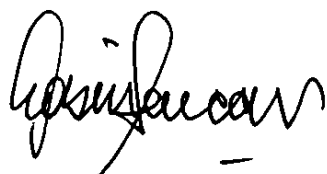
In preparing these financial statements, the Directors are required to

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

The Directors have responsibility 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.

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



Robin Bencard
Director

Date 22 July 2010

Registered Office
8 Canada Square
London
E14 5HQ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HSBC ROSE (UK) LIMITED

We have audited the financial statements of HSBC Rose (UK) Limited ('the Company') for the year ended 31 December 2009 set out on pages 5 to 19. 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 sections 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 auditors' 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 3, 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 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 website at www.frc.org.uk/apb/scope/UKNP.

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 2009 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.



R Faulkner (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants

22 July 2010

London, England

HSBC ROSE (UK) LIMITED

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Interest income from parent entities		193,965	776,334
Dividend income		<u>1,101,336</u>	<u>4,273,215</u>
PROFIT BEFORE TAX		1,295,301	5,049,549
Tax expense	4	<u>(54,309)</u>	<u>(221,232)</u>
PROFIT FOR THE YEAR		<u><u>1,240,992</u></u>	<u><u>4,828,317</u></u>
Attributable to			
Owners of the Company		<u><u>1,240,992</u></u>	<u><u>4,828,317</u></u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

There has been no comprehensive income other than the profit for the year as shown above (2008 Nil)

The notes on pages 9 to 19 form part of the financial statements

HSBC ROSE (UK) LIMITED**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2009**

	Notes	2009 £	2008 £
ASSETS			
NON CURRENT ASSETS			
Investments	6	<u>99,600,000</u>	<u>99,600,000</u>
TOTAL NON CURRENT ASSETS		<u>99,600,000</u>	<u>99,600,000</u>
CURRENT ASSETS			
Receivables	7	<u>1,259,387</u>	<u>15,841,781</u>
TOTAL CURRENT ASSETS		<u>1,259,387</u>	<u>15,841,781</u>
TOTAL ASSETS		<u><u>100,859,387</u></u>	<u><u>115,441,781</u></u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	99,600,000	99,600,000
Retained earnings		<u>1,240,992</u>	<u>15,723,508</u>
TOTAL EQUITY		<u>100,840,992</u>	<u>115,323,508</u>
CURRENT LIABILITIES			
Current tax liabilities		<u>18,395</u>	<u>118,273</u>
TOTAL CURRENT LIABILITIES		<u>18,395</u>	<u>118,273</u>
TOTAL LIABILITIES		<u>18,395</u>	<u>118,273</u>
TOTAL EQUITY AND LIABILITIES		<u><u>100,859,387</u></u>	<u><u>115,441,781</u></u>

Approved by the board and signed on its behalf on 22 July 2010



Kevin Singleton

Director

Registered Company Number 4415639

The notes on pages 9 to 19 form part of the financial statements

HSBC ROSE (UK) LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009**

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2008	99,600,000	10,895,191	110,495,191
Profit for the year	-	4,828,317	4,828,317
Dividends	-	-	-
Balance at 31 December 2008	<u>99,600,000</u>	<u>15,723,508</u>	<u>115,323,508</u>
Profit for the year	-	1,240,992	1,240,992
Dividends	-	(15,723,508)	(15,723,508)
Balance at 31 December 2009	<u>99,600,000</u>	<u>1,240,992</u>	<u>100,840,992</u>

The notes on pages 9 to 19 form part of the financial statements

HSBC ROSE (UK) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 2009

	2009 £	2008 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,295,301	5,049,549
<i>Adjustments for</i>		
Interest income	(193,965)	(776,334)
Dividend income	(1,101,336)	(4,273,215)
Cash generated from operations	-	-
Tax paid	(154,188)	(185,768)
NET CASH FROM OPERATING ACTIVITIES	(154,188)	(185,768)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	195,211	776,903
Dividend received	1,101,336	4,273,215
Decrease/(increase) in amounts owed by group undertakings	14,581,149	(4,864,350)
NET CASH FROM INVESTING ACTIVITIES	15,877,696	185,768
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(15,723,508)	-
NET CASH FROM FINANCING ACTIVITIES	(15,723,508)	-
Net increase in cash and cash equivalents	-	-
Opening cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS AT YEAR END	-	-

The notes on pages 9 to 19 form part of the financial statements

HSBC ROSE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 Basis of preparation

The Company has prepared its financial statements in accordance with International Financial Reporting Standards ('IFRSs') as endorsed by the European Union ('EU') EU-endorsed IFRSs may differ from IFRSs as published by the International Accounting Standards Board ('IASB') if, at any point in time, new or amended IFRSs have not been endorsed by the EU. At 31 December 2009, there were no unendorsed standards effective for 31 December 2009 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.

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.

Except as stated below, there are currently no IFRSs or Interpretations that have been issued by the IASB or IFRIC and endorsed by the EU that have not yet been adopted by the Company:

- A revised IFRS 3 'Business Combinations', was issued on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This revised standard will have no impact on the Company when adopted with effect from 1 January 2010.
- The IASB issued an amendment to IAS 27 'Consolidated and Separate Financial Statements' on 10 January 2008 and will be applied prospectively for periods commencing on or after 1 July 2009. This standard will have no impact on the Company when adopted with effect from 1 January 2010.

At 31 December 2009, the Company had adopted all IFRSs and Interpretations that had been issued by the IASB and IFRIC, and endorsed by the EU. Except as stated above, there are currently no IFRSs or Interpretations that have been issued by the IASB and endorsed by the EU which become effective after 31 December 2009 that have not already been adopted by the Company.

The principal currency in which the Company's business is conducted (which is its functional currency) is Sterling. These accounts are therefore presented in that currency.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

General information

HSBC Rose (UK) Limited is a Company domiciled in England and Wales and incorporated in England and Wales.

2 Principal accounting policies

(a) Interest income

Interest income for all interest-bearing financial instruments is recognised in 'Interest income from parent entities' in the income statement using the effective interest method. The effective interest method is a way of calculating the amortised cost of a financial asset and of allocating the interest income 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. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but not future credit losses. The calculation includes all amounts 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.

(b) Investments

Investments in the preference shares of a company which is a subsidiary undertaking of another fellow group company are classified as available for sale (AFS). AFS financial assets are generally carried at fair value. However, these investments are stated at cost less impairment losses, as there is no active market for the investments where fair value can be reliably determined.

Dividend income from the investment is recognised in the income statement on the date the Company's right to receive payment is established.

(c) Income tax

Income tax comprises current tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income.

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 HSBC Rose (UK) Limited intends to settle on a net basis and the legal right to offset exists.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
(continued)

2 Principal accounting policies (continued)

(e) 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.

(f) Statement of cash flows

The statement of cash flows has been prepared on the basis that movements in balances with group undertakings are shown under the heading of "Investing activities". Such movements arise ultimately from the Company's investing activities, through which the Company will acquire resources intended to generate future income and cash flows.

(g) Cash and cash equivalents

For the purpose of the statement of cashflows, 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.

(h) Determination of fair value

The fair value of a financial instrument on initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received.

Subsequent to initial recognition and except as described in Note 2(b), the fair value 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. Where independent prices are not available, fair values may be determined using valuation techniques with reference to observable market data. These include comparison to similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

HSBC ROSE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
(continued)

2 Principal accounting policies (continued)

(i) Impairment of financial assets

Financial assets, other than those at fair value through the profit and loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

The Company considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as economic conditions that correlate with defaults in the group.

3 Profit before tax

Certain expenses, including auditors' remuneration, have been borne by a fellow group undertaking and are therefore not charged in arriving at the profit before tax.

The amount of auditors' remuneration borne by fellow group undertakings on behalf of HSBC Rose (UK) Limited for the year was £5,100 (2008: £5,100). There were no non-audit fees incurred during the year (2008: £nil).

The Company had no employees during the financial year (2008: nil).

HSBC ROSE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 **(continued)**

4 Income tax

	2009	2008
	£	£
<i>Current tax expense</i>		
UK corporation tax		
- on current year profit	54,309	221,232
Total tax expense for the year	54,309	221,232

<i>Analysis of tax expense for the year</i>	2009	2009	2008	2008
	£	%	£	%
Taxation at UK corporation tax rate of 28% (2008 28.5%)	362,684	28.0	1,438,983	28.5
Income not taxable for tax purposes	(308,375)	(23.8)	(1,217,751)	(24.1)
Overall tax expense	54,309	4.2	221,232	4.4

The UK corporate tax rate of the Company for the year was 28% (2008 28.5%).

5 Directors' emoluments

No emoluments were received or are receivable by any of the Directors in respect of their services to the Company during the year (2008 £nil)

6 Investments

	2009	2008
	£	£
Preference shares issued by fellow group undertakings	99,600,000	99,600,000

Name of undertaking	Country of incorporation /registration	Holding	Proportion held %	Nature of business
HSBC Rose Investments (UK) Limited	Cayman Islands	99,600 "B" Preference shares of £0.01 each	100%	Investment Company

HSBC ROSE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
(continued)

7 Receivables

	2009	2008
	£	£
<i>Current</i>		
Amounts owed by group undertakings		
- parent entities	1,259,366	15,840,514
Interest receivable on loans to group undertakings		
- parent entities	21	1,267
	<u>1,259,387</u>	<u>15,841,781</u>

8 Share capital

	Authorised		Issued and fully paid up	
	2009	2008	2009	2008
	£	£	£	£
Ordinary shares of £1 each	<u>150,000,000</u>	<u>150,000,000</u>	<u>99,600,000</u>	<u>99,600,000</u>

There are no shares issued and not fully paid

During 2005 the authorised share capital was increased from £100 to £150,000,000 by the creation of an additional 149,999,900 ordinary shares of £1 each 99,600,000 ordinary shares of £1 each were issued and fully paid up

Ordinary shareholders have voting rights and are entitled to a discretionary dividend

HSBC ROSE (UK) LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009**
(continued)**9 Analysis of financial assets and financial liabilities by measurement basis**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the Statement of Financial Position by the class of financial instrument to which they are assigned, and therefore by the measurement basis. There are no financial liabilities at 31 December 2009 (2008: £nil).

As at 31 December 2009:	Available for sale securities	Loans and receivables	Total
Assets	£	£	£
Amounts owed by group undertakings	-	1,259,366	1,259,366
Interest receivable on loans to group undertakings	-	21	21
Preference shares issued by fellow group undertakings	99,600,000	-	99,600,000
Total financial assets	99,600,000	1,259,387	100,859,387
Total non-financial assets			-
Total assets			100,859,387

As at 31 December 2008:	Available for sale securities	Loans and receivables	Total
Assets	£	£	£
Amounts owed by group undertakings	-	15,840,514	15,840,514
Interest receivable on loans to group undertakings	-	1,267	1,267
Preference shares issued by fellow group undertakings	99,600,000	-	99,600,000
Total financial assets	99,600,000	15,841,781	115,441,781
Total non-financial assets			-
Total assets			115,441,781

10 Risk management

The Company has exposure to the following types of risk arising from its use of financial instruments, credit risk, liquidity risk and market risk. Market risk includes foreign exchange and interest rate 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.

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. 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 that financial loss arises from the failure of a counterparty to meet its obligations under a contract, and arises principally from amounts owed by group undertakings and preference shares issued by fellow group undertakings.

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

The Company's exposure to credit risk is minimised because amounts receivable from fellow group undertakings form all of the Company's financial assets. Such group undertakings are wholly owned subsidiaries of HSBC Holdings plc, and are part of the Business described above. Such counterparties have no history of default and have been able to meet their liabilities as they fall due. On this basis the Company considers the amounts due to be fully recoverable.

There has been no significant change in the credit quality of financial assets during the period.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position.

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 parent entities. Interest is payable at LIBOR.

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

HSBC ROSE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

10 Risk management (continued)

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates and interest rates will affect the Company's income. The Company does not have any exposure to foreign exchange rates as at the current or previous reporting dates.

Interest receivable on the amounts owed by group undertakings is at a floating interest rate with reference to LIBOR, with maturities ranging from less than one year to more than five years. Management keeps the interest rate exposure under review and, where deemed appropriate, will eliminate this wholly or partly through interest rate swaps.

Sensitivity analysis interest rate risk

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

	Profit or loss	
	100 bps increase	100 bps decrease
As at 31 December 2009:	£	£
Financial assets		
Available for sale securities	993,271	(993,271)
Loans and receivables	97,848	(97,848)
	<hr/>	<hr/>
Total increase / (decrease)	<u>1,091,119</u>	<u>(1,091,119)</u>

	Profit or loss	
	100 bps increase	100 bps decrease
As at 31 December 2008:	£	£
Financial assets		
Available for sale securities	996,000	(996,000)
Loans and receivables	127,881	(127,881)
	<hr/>	<hr/>
Total increase / (decrease)	<u>1,123,881</u>	<u>(1,123,881)</u>

11 Capital management

The Company defines capital as total shareholders' equity. The Company's capital resource policy is to maintain a strong capital base. It seeks to maintain at all times a prudent relationship between total capital and the varied risks of its business. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

HSBC ROSE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
(continued)

12 Fair value of financial assets and liabilities

Short-term receivables are excluded from these disclosures because the carrying amount is a reasonable approximation of fair value

The methods used to determine fair values for financial assets for the purpose of measurement and disclosure are set out in Note 2

13 Related party transactions

The ultimate parent company, and the parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the Company is a member, is HSBC Holdings plc

HSBC Rose Funding (UK) Holdings, its immediate parent company, is the Company's direct controlling party and HSBC Holdings plc is the Company's ultimate controlling party

Copies of the financial statements of HSBC Holdings plc may be obtained from

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

Particulars of transactions, arrangements and agreements involving related parties not otherwise disclosed elsewhere in the financial statements are as follows

Parent

At 31 December 2009 £99,600,000 (2008 £99,600,000) of Ordinary shares were owned by the parent company. Dividends paid during the year were £15,723,508, being £0.1579 per share (2008 £nil)

Fellow subsidiary

At 31 December 2009 the company owned £99,600,000 (31 December 2008 £99,600,000) of "B" Preference shares of a company that is a subsidiary undertaking of another fellow group company. Dividends received during the year were £1,101,336 (2008 £4,273,215)

14 Contingent liabilities

There were no contingent liabilities at 31 December 2009 (2008 £nil)

HSBC ROSE (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009
(continued)

15 Subsequent events

There are no subsequent events requiring disclosure in the financial statements

16 Accounting estimates and judgements

The results of the Company are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of the financial statements. The significant accounting policies used in the preparation of the financial statements are as described in detail in Note 2.