HSBC ASSET FINANCE M O G HOLDINGS (UK) LIMITED

Financial Statements
31 December 2010

Registered No: 6606400

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Financial Statements
31 December 2010

Contents

Directors' report for the year ended 31 December 2010

Principal activities

The Company's principal activities include the holding of investments together with the receipt of dividends and the provision of management services No change in the Company's activities is anticipated

Business review

The business is funded principally by a parent undertaking through equity investment The Company has no employees Services required are provided by fellow HSBC Group companies The Company has no stakeholders other than its parent Company

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

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011 The 2011 Budget on 23 March 2011 announced a further reduction in the UK corporation tax rate by an additional 1% on top of the four additional reductions already announced Details of anticipated impacts are set out in Note 5 to the financial statements

Dividends

The Directors recommend the payment of a dividend of £998,600 in respect of the year ended 31 December 2010 (2009 £499,300) Dividend payments will be reflected in the financial statements in the period in which they are paid

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

The Directors who served during the year were as follows

Name	Appointed
M J Brookes	
N P Quinn	23 September 2010
M J Russell-Brown	

On 31 March 2011 N P Quinn resigned as a Director of the Company On 9 June 2011 M J Brookes resigned as a Director of the Company A T Rigby and G P Hewitt were appointed Directors of the Company on 9 June 2011 and 11 August 2011, respectively

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 UK Companies Act 2006 Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors

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

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

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 UK 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

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 4, 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

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period

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

A T Rigby
Director

Registered Office
8 Canada Square
London
E14 5HQ

Date 23 August 2011

Independent Auditor's Report to the Members of HSBC Asset Finance M.O.G. Holdings (UK) Limited

We have audited the financial statements of HSBC Asset Finance M O G Holdings (UK) Limited for the year ended 31 December 2010 set out on pages 5 to 14 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 Auditor

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, 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.

23 August 2011

Simon Clark (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
One Snowhill,

Snow Hill Queensway

Birmingham,

B4 6GH

Financial Statements

Income statement for the year ended 31 December 2010

	Notes	2010 £	2009 £
Revenue		**500,000**	500,000
Finance income	3	**139,300**	139,300
Profit before tax		**639,300**	639,300
Tax expense	5	**(140,000)**	(140,000)
Profit for the year		**499,300**	499,300

There were no acquisitions, discontinued or discontinuing operations during the year

The accounting policies and notes on pages 9 to 14 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)

Financial Statements (continued)

Statement of financial position as at 31 December 2010

	Notes	2010 £	2009 £
ASSETS			
Non-current assets			
Financial investments	6	1,999,995	1,999,995
Current assets			
Cash and cash equivalents held with parent undertakings		752,165	37,865
Receivables	7	587,500	575,000
Accrued income		174,411	174,411
		1,514,076	787,276
Total assets		3,514,071	2,787,271
LIABILITIES AND EQUITY			
Current liabilities			
Other liabilities	8	375,476	147,976
Current tax liabilities		140,000	140,000
Total liabilities		515,476	287,976
Equity			
Called up share capital	9	1,999,995	1,999,995
Retained earnings		998,600	499,300
Total shareholders' equity		2,998,595	2,499,295
Total equity and liabilities		3,514,071	2,787,271

The accounting policies and notes on pages 9 to 14 form an integral part of these financial statements

These financial statements were approved by the Board of Directors on 23 August 2011 and were signed on its behalf by

A T Rigby
Director
Company Registration No 6606400

Financial Statements (continued)

Statement of cash flows for the year ended 31 December 2010

	2010 £	2009 £
Cash flows from operating activities		
Profit before tax	**639,300**	639,300
Adjustments for		
– Change in operating assets	**(12,500)**	(679,189)
– Change in operating liabilities	**12,500**	37,295
– Tax paid	**(140,000)**	(70,382)
– Dividend income	**(139,300)**	(139,300)
Net cash generated from operating activities	**360,000**	(212,276)
Cash flows from investing activities		
Dividends received	**139,300**	139,300
Net cash from investing activities	**139,300**	139,300
Cash flows from financing activities		
Received from other group undertakings in respect of other financing activities	**215,000**	72,976
Dividends paid	**-**	(251,206)
Net cash from financing activities	**215,000**	(178,230)
Net increase/(decrease) in cash and cash equivalents	**714,300**	(251,206)
Cash and cash equivalents brought forward	**37,865**	289,071
Cash and cash equivalents carried forward	**752,165**	37,865

The accounting policies and notes on pages 9 to 14 form an integral part of these financial statements

Financial Statements (continued)

Statement of changes in equity for the year ended 31 December 2010

	Called up share capital £	Retained earnings £	Total shareholders' equity £
2010			
At 1 January 2010	1,999,995	499,300	2,499,295
Profit for the year	-	499,300	499,300
Total comprehensive income for the year	-	499,300	499,300
At 31 December 2010	1,999,995	998,600	2,998,595

	Called up share capital £	Retained earnings £	Total shareholders' equity £
2009			
At 1 January 2009	1,999,995	251,206	2,251,201
Profit for the year	-	499,300	499,300
Total comprehensive income for the year	-	499,300	499,300
Dividends to shareholders	-	(251,206)	(251,206)
At 31 December 2009	1,999,995	499,300	2,499,295

The accounting policies and notes on pages 9 to 14 form an integral part of these financial statements

Shareholders' equity is wholly attributable to equity shareholders

Notes on the Fınancial Statements

1 Basıs of preparatıon

(a) Complıance wıth Internatıonal Fınancıal Reportıng Standards

The financıal statements are presented ın sterlıng and have been prepared on the hıstorıcal cost basıs

The Company has prepared ıts financıal statements ın accordance wıth Internatıonal Fınancıal Reportıng Standards ('IFRSs') as ıssued by the Internatıonal Accountıng Standards Board ('IASB') and as endorsed by the European Unıon ('EU') EU-endorsed IFRSs may dıffer from IFRSs as ıssued by the IASB ıf, at any poınt ın tıme, new or amended IFRSs have not been endorsed by the EU At 31 December 2010, there were no unendorsed standards effectıve for the year ended 31 December 2010 affectıng these financıal statements, and there was no dıfference between IFRSs endorsed by the EU and IFRSs ıssued by the IASB ın terms of theır applıcatıon to the Company Accordıngly, the Company's financıal statements for the year ended 31 December 2010 are prepared ın accordance wıth IFRSs as ıssued by the IASB

IFRSs comprıse accountıng standards ıssued by the IASB and ıts predecessor body as well as ınterpretatıons ıssued by the Internatıonal Fınancıal Reportıng Interpretatıons Commıttee ('IFRIC') and ıts predecessor body

Durıng 2010, the Company adopted a number of standards, ınterpretatıons and amendments thereto whıch had an ınsıgnıficant effect on the financıal statements

(b) Future accountıng developments

At 31 December 2010 a number of standards and ınterpretatıons, and amendments thereto, had been ıssued by the IASB, whıch are not effectıve for the Company's financıal statements as at 31 December 2010 Those whıch are expected to have a sıgnıficant effect on the Company's financıal statements are dıscussed below

Standards and Interpretatıons ıssued by the IASB and endorsed by the EU

In November 2009, the IASB ıssued IFRS 9 'Fınancıal Instruments' ('IFRS 9') Thıs ıntroduced new requırements for the classıficatıon and measurement of financıal assets In October 2010, the IASB ıssued addıtıons to IFRS 9 relatıng to financıal lıabılıtıes Together these changes represent the first phase ın the IASB's planned phased replacement of IAS 39 'Fınancıal Instruments Recognıtıon and Measurement' ('IAS 39') wıth a less complex and ımproved standard for financıal ınstruments

The standard ıs effectıve for annual perıods begınnıng on or after 1 January 2013 wıth early adoptıon permıtted, although the IASB have ıssued proposals to defer thıs to 1 January 2015 as noted below IFRS 9 ıs requıred to be applıed retrospectıvely If the standard ıs adopted prıor to 1 January 2012, an entıty wıll be exempt from the requırement to restate prıor perıod comparatıve ınformatıon IFRS 9 ıs subject to EU endorsement, the tımıng of whıch ıs uncertaın Accordıngly, the group ıs unable to provıde a date by whıch ıt plans to apply IFRS 9

The maın changes to the requırements of IAS 39 are summarısed below

- All financıal assets that are currently ın the scope of IAS 39 wıll be classıfied as eıther amortısed cost or faır value The avaılable-for-sale, held-to-maturıty and loans and receıvables categorıes wıll no longer exıst
- Classıficatıon of financıal assets ıs based on an entıty's busıness model for managıng the financıal assets and the contractual cash flow characterıstıcs of the financıal assets Reclassıficatıons between the two categorıes are prohıbıted unless there ıs a change ın the entıty's busıness model
- A financıal asset ıs measured at amortısed cost ıf two crıterıa are met ı) the objectıve of the busıness model ıs to hold the financıal asset for the collectıon of the contractual cash flows, and ıı) the contractual cash flows of the ınstrument are solely payments of prıncıpal and ınterest on the prıncıpal outstandıng All other financıal assets are measured at faır value Movements ın the faır value of financıal assets classıfied at faır value are recognısed ın profit or loss, except for equıty ınvestments where an entıty takes the optıon to desıgnate an equıty ınstrument that ıs not held for tradıng at faır value through other comprehensıve ıncome If thıs optıon ıs taken, all subsequent changes ın faır value are recognısed ın other comprehensıve ıncome wıth no recyclıng of gaıns or losses to the ıncome statement Dıvıdend ıncome would contınue to be recognısed ın the ıncome statement
- An entıty ıs only permıtted to desıgnate a financıal asset otherwıse meetıng the amortısed cost crıterıa at faır value through profit or loss ıf doıng so sıgnıficantly reduces or elımınates an accountıng mısmatch Thıs desıgnatıon ıs made on ınıtıal recognıtıon and ıs ırrevocable

Notes on the Financial Statements (continued)

- Financial assets 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
- Most of IAS 39's requirements for financial liabilities are retained, including amortised cost accounting for most financial liabilities The guidance on separation of embedded derivatives will continue to apply to host contracts that are financial liabilities However, fair value changes attributable to changes in own credit risk for financial liabilities designated under the fair value option other than loan commitments and financial guarantee contracts are to be presented in the statement of other comprehensive income unless the treatment would create or enlarge an accounting mismatch in profit or loss These amounts are not subsequently reclassified to the income statement but may be transferred within equity

The second and third phases in the IASB's project to replace IAS 39 will address 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 quantity 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) General information

HSBC Asset Finance M O G Holdings (UK) Limited is a company domiciled and incorporated in England and Wales

2 Summary of significant accounting policies

(a) Fee income

Income earned from the provision of services is recognised as revenue as the services are provided

(b) 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

(c) Dividend income

Dividend income from investments is recognised when the right to receive payment is established

Notes on the Financial Statements (continued)

(d) 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 a borrower They are derecognised when either the borrower repays its 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) Available-for-sale investments

Available-for-sale investments are initially measured at fair value plus direct and incremental transaction costs They are subsequently re-measured at fair value and changes therein are recognised in equity in an 'Available-for-sale reserve' until the investments are either sold or impaired When available-for-sale investments are sold, cumulative gains or losses previously recognised in equity are recognised in the income statement

(iii) 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

(e) 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

(f) 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

(g) 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

(h) 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

The accounting policy that is deemed critical to the Company's IFRS results and financial position, in terms of the materiality of the items to which the policy is applied, which involves a high degree of judgement and estimation, is provision against financial investments

Notes on the Financial Statements (continued)

Provisions are calculated on the basis of current and expected future market conditions

3 Finance income

Finance income comprises dividend income from investments in preference shares

4 Profit for the year

Any services required including auditor's remuneration have been borne by a fellow group undertaking and are therefore not charged in arriving at the profit before taxation

The Company has no employees and hence no staff costs (2009 £Nil) The Directors made no charge for their services

5 Tax expense

	2010 £	2009 £
Current tax		
UK Corporation tax		
– on current year profit	**140,000**	140,000
Tax expense	**140,000**	140,000

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 **£**	**Percentage of overall profit before tax** **%**	2009 £	Percentage of overall profit before tax %
Taxation at UK corporation tax rate of 28% (2009 28%)	**179,004**	**28 0%**	179,004	28 0%
Income not taxable for tax purposes	**(39,004)**	**(6 1)%**	(39,004)	(6 1)%
Overall tax expense	**140,000**	**21 9%**	140,000	21 9%

The Emergency Budget on 22 June 2010 announced that the UK corporation tax rate will reduce from 28% to 24% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 27% was substantively enacted on 20 July 2010 and will be effective from 1 April 2011 The 2011 Budget on 23 March 2011 announced a further reduction in the UK corporation tax rate by an additional 1% on top of the four additional reductions already announced The rate reduction to 26% with effect from 1 April 2011 was substantively enacted on 29 March 2011 whilst the rate reduction to 25% with effect from 1 April 2012 was substantively enacted on 5 July 2011 These changes will reduce the Company's future tax charge accordingly

6 Financial investments

Available-for-sale investments	**2010** **£**	2009 £
At 1 January and 31 December – at cost and fair value	**1,999,995**	1,999,995

The Company holds an investment in 1,990,000 7% £1 Cumulative preference shares and 9,995 ordinary shares at par, in Motability Operations Group plc representing a 19 99% interest The investment is available for sale and

Notes on the Financial Statements (continued)

stated in the statement of financial position at fair value During the year there has been no significant movement in the fair value

7 Receivables

	2010 £	2009 £
Other debtors	587,500	575,000
	587,500	575,000

8 Other liabilities

	2010 £	2009 £
Related parties Amounts owed to other group undertakings	287,976	72,976
Value added tax	87,500	75,000
	375,476	147,976

Amounts owed to other group undertakings have no fixed date for repayment and are therefore technically repayable on demand They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different from the carrying value

9 Share capital

	2010 £	2009 £
Allotted, called up and fully paid		
1,999,995 Ordinary shares of £1 each	1,999,995	1,999,995

10 Risk Management

The Company has exposure to the following types of risk arising from its use of financial instruments liquidity risk and market risk Market risk includes interest rate risk and foreign exchange 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's risk management policies are consistent with the HSBC Group's risk management policies

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

Another group undertaking provides an inter-company current account This is reflected in the Statement of financial position as amounts owed to other group undertakings This funding has no fixed repayment date and therefore is technically repayable on demand

Notes on the Financial Statements (continued)

The following is an analysis of undiscounted cash flows payable under financial liabilities by remaining contractual maturities at the end of the reporting period

	Carrying value	Contractual cash flows	On demand
	£	£	£
31 December 2010			
Amounts owed to other group undertakings	287,976	287,976	287,976
	287,976	**287,976**	**287,976**
31 December 2009			
Amounts owed to other group undertakings	72,976	72,976	72,976
	72,976	**72,976**	**72,976**

Market risk management

Market risk is the risk that movements in market risk factors, including the value of the Company's investments, will reduce the Company's income The Company is not exposed to interest rate risk or foreign exchange risk on its financial assets or financial liabilities

Appropriate actions to mitigate the impact of such risk, if material are considered as part of the ongoing management of the business

The Company's investments carry a fixed rate of return and are mainly funded by equity

11 Related-party transactions

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

Particulars of transactions, arrangements and agreements involving third parties are disclosed elsewhere within the financial statements

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, and the parent undertaking of the smallest such group is HSBC Bank plc The immediate holding Company is HSBC Bank plc The result of the Company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc

Copies of the group financial statements may be obtained from the following addresses

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ

12 Contingent liabilities

There were no contingent liabilities at 31 December 2010 (2009 £Nil)

13 Subsequent events

There are no subsequent events requiring disclosure in the financial statements