

# **HSBC Asset Finance M.O.G. Holdings (UK) Limited**

**Registration No: 06606400**

**Annual Report and Financial Statements for the year ended  
31 December 2022**



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## **Annual Report and Financial Statements for the year ended 31 December 2022**

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## **Strategic Report**

### **Principal activities**

The principal activity of HSBC Asset Finance M.O.G. Holdings (UK) Limited ('the Company') includes the holding of investments and the provision of management services. No change in the Company's activities is anticipated.

The Company is a private limited company domiciled and incorporated in the United Kingdom and registered in England and Wales.

The Company is limited by shares.

### **Review of the Company's business**

The business is funded principally by the parent undertaking through retained earnings and equity. The Company has no employees. The Company's principal stakeholder is its parent company.

Services required are provided by fellow HSBC Group companies. These services included the maintaining of accurate accounting and other records such as cash management and the collection and settlement of receivables and payables as they became due. During the year, no recharges were made in respect of these services.

### **Section 172 statement**

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. As part of the company's deliberations and decision-making process, the Board also takes into account the (i) likely consequences of any decision in the long term; (ii) the interests of the company's employees; (iii) the need to foster the company's business relationships with suppliers, customers and others; (iv) the impact of the company's operations on the community and the environment; and (v) the desirability of the company maintaining a reputation for high standards of business conduct.

The Board considers its stakeholders to be the people who work for us, bank with us, own us, regulate us and live in the societies we serve. During 2022, the directors gave careful consideration to the factors set out above in discharging their duties under section 172. The Board recognises that building strong relationships with our stakeholders will help deliver the company's strategy in line with its long-term values, and operate the business in a sustainable way.

The Board is committed to effective engagement with its stakeholders. Depending on the nature of the issue in question, the relevance of each stakeholder group may differ and, as such, as part of the company's engagement with stakeholders, the Board seeks to understand the relative interests and priorities of each group and to have regard to these, as appropriate, in its decision making. The Board acknowledges however, that not every decision it makes will necessarily result in a positive outcome for all stakeholders.

The majority of decisions made by the Board during the year are deemed to be routine in nature and are taken on a cyclical basis.

In July 2022, the Board approved the payment of a dividend of £260,800 to the registered holder of the Company's ordinary shares, the timing of which required engagement with and consideration of both the parent company's interests and the longer term interests of the Company. This decision was taken after careful consideration of the financial position of the Company, its obligations under the Companies Act 2006 and the need to consider its longer term relationship with its ultimate parent company, HSBC Holdings plc.

### **Performance**

The Company's results for the year and financial position as at 31 December 2022 are as detailed in the income statement and the balance sheet on page 7 and page 8 of these financial statements respectively.

### **Key performance indicators**

As the Company is managed as part of the global bank, there are no key performance indicators that are specific to the Company. The key performance indicators are included in the annual report of HSBC Bank plc. Ongoing review of the actual performance of the Company is carried out on a monthly basis.

### **Impact of Climate Risk**

Climate risks have the potential to cause both financial and non-financial impacts for the Company. Financial impacts could materialise from transactional losses or Business decisions to achieve overall climate ambitions of the HSBC Group. Non-financial impacts could materialise from the impact of significant changes in climate on the Company's assets or operations.

The impact of climate risk on the balance sheet has been assessed and it is considered that there is no material impact on the financial statements for the year ended 31 December 2022. The impact on a number of areas of the balance sheet have been considered, including Cash and cash equivalents, Financial investments and Prepayments and accrued income as well as within the going concern assessment of the Company.

## **HSBC Asset Finance M.O.G. Holdings (UK) Limited**

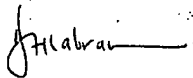
### **Principal risks and uncertainties**

The principal financial risks and uncertainties facing the Company are credit risk, market risk and liquidity risk. These risks, the exposure to such risks and management of risk are set out in Note 11 of the financial statements.

The Russian invasion of Ukraine in February 2022 has resulted in the outbreak of war between the two countries. This has resulted in many countries implementing significant sanctions and trade restrictions against Russia in support of Ukraine. This has had repercussions in the global economy creating uncertainty and market volatility. Whilst negotiations are ongoing to seek a resolution, the outcome of the negotiations is unlikely to lead to the resolution of the conflict in the foreseeable future. Consequently, the war is expected to continue for some time into the future with ongoing disruption in UK domestic and global markets. It is not considered that the Russia-Ukraine war will have a significant impact on the principal risks of the Company due to the nature of the Company's operations.

During 2022, the UK economy has faced a number of challenges, including rising inflation, increased interest rates and a period of significant market volatility that followed changes to policies announced by the UK Government. Consumer confidence has fallen with a deepening cost of living crisis partly driven by a sharp rise in energy prices. This has led to uncertainty in respect of growth expectations in the UK economy in 2023. However, due to the nature of the Company's transactions, it is not considered that these events will have a significant impact on its principal risks.

On behalf of the Board



D H Labram  
Director

11 July 2023

Registered office  
8 Canada Square  
London E14 5HQ  
United Kingdom

## Report of the Directors

### Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Name	Appointed
M R W Hordley	
D H Labram	
J E Seaford	29 June 2022

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 and remain in place but have not been utilised by the Directors. All Directors have the benefit of Directors' and officers' liability insurance.

### Dividends

An interim dividend of £260,800 was paid on the ordinary share capital during the year (2021: £260,800). The Directors intend to declare an interim dividend of £261,395 in respect of retained earnings from 2022, payable after the Board meeting.

### Significant events since the end of the financial year

No significant events affecting the Company have occurred since the end of the financial year.

### Future developments

No change in the Company's activities is expected.

### 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. This includes the principal risks and uncertainties and the impact of climate risk as set out in the Strategic Report, together with future projections of profitability, cash flows and capital resources.

### Financial 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 11 of the Notes on the financial statements.

### 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 the HSBC Group'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.

### Independent auditors

PricewaterhouseCoopers LLP ('PwC') are external independent auditors to the Company. PwC have expressed their willingness to continue in office and the Board recommends that PwC be re-appointed as the Company's independent auditors.

## **HSBC Asset Finance M.O.G. Holdings (UK) Limited**

### **Statement of Directors' Responsibilities in respect of the financial statements**

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

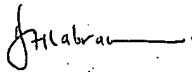
The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

### **Directors' confirmations**

In the case of each Director in office at the date the Report of the Directors is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Approved by the Board on 11 July 2023 and signed on its behalf by:



D H Labram  
Director

Registered office  
8 Canada Square  
London E14 5HQ  
United Kingdom

## **Independent auditors' report to the members of HSBC Asset Finance M.O.G. Holdings (UK) Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, HSBC Asset Finance M.O.G. Holdings (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 December 2022; the income statement; the statement of comprehensive income; the statement of cash flows; and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Report of the directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

#### **Strategic report and Report of the Directors**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Report of the directors for the year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Report of the directors.

## HSBC Asset Finance M.O.G. Holdings (UK) Limited

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries with management;
- We sought to identify any journals indicative of a higher risk of fraud using certain criteria such as those posted post year end and backdated, posted by unexpected users, or those posted using unexpected account combinations, no such journals were identified;
- incorporating an element of unpredictability into our testing;
- challenging assumptions made by management in accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

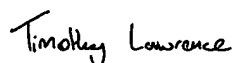
#### Other required reporting

##### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Timothy Lawrence (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

11 July 2023

## HSBC Asset Finance M.O.G. Holdings (UK) Limited

### Financial statements

#### Income statement for the year ended 31 December 2022

	2022	2021
	£	£
Interest income	735	—
Net interest income	735	—
Fee and commission income	150,000	150,000
Net fee income	150,000	150,000
Dividend income	139,300	139,300
Profit before tax	290,035	289,300
Tax expense	(28,640)	(28,500)
Profit for the year	261,395	260,800

#### Statement of comprehensive income for the year ended 31 December 2022

All operations are continuing. There has been no comprehensive income or expense other than the profit for the year as shown above (2021: nil).

## HSBC Asset Finance M.O.G. Holdings (UK) Limited

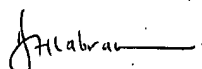
### Balance sheet at 31 December 2022

Registration No: 06606400

	Notes	2022 £	2021 £
<b>Assets</b>			
Cash and cash equivalents		330,515	391,280
Financial investments	8	1,999,995	1,999,995
Prepayments and accrued income		35,111	35,111
<b>Total assets</b>		<b>2,365,621</b>	<b>2,426,386</b>
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Trade and other payables	9	75,591	137,091
Current tax liabilities		28,640	28,500
<b>Total liabilities</b>		<b>104,231</b>	<b>165,591</b>
<b>Equity</b>			
Called up share capital	10	1,999,995	1,999,995
Retained earnings		261,395	260,800
<b>Total equity</b>		<b>2,261,390</b>	<b>2,260,795</b>
<b>Total liabilities and equity</b>		<b>2,365,621</b>	<b>2,426,386</b>

The accompanying notes on pages 11 to 15 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 11 July 2023 and signed on its behalf by:



D H Labram

Director

## HSBC Asset Finance M.O.G. Holdings (UK) Limited

### Statement of cash flows for the year ended 31 December 2022

	2022	2021
	£	£
<b>Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>290,035</b>	<b>289,300</b>
<b>Adjustments for:</b>		
Tax paid	(28,500)	(28,500)
<b>Net cash generated from operating activities</b>	<b>261,535</b>	<b>260,800</b>
<b>Cash flows from financing activities</b>		
Movements in inter-company funding	(61,500)	58,500
Dividends paid	(260,800)	(260,800)
<b>Net cash used in financing activities</b>	<b>(322,300)</b>	<b>(202,300)</b>
Net (decrease)/increase in cash and cash equivalents	(60,765)	58,500
Cash and cash equivalents brought forward	391,280	332,780
<b>Cash and cash equivalents carried forward</b>	<b>330,515</b>	<b>391,280</b>

Dividend received was £139,300 (2021: £139,300).

## HSBC Asset Finance M.O.G. Holdings (UK) Limited

### Statement of changes in equity for the year ended 31 December 2022

	Called up share capital £	Retained earnings £	Total equity £
<b>At 1 Jan 2022</b>	<b>1,999,995</b>	<b>260,800</b>	<b>2,260,795</b>
Profit for the year	—	261,395	261,395
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>261,395</b>	<b>261,395</b>
Dividends to shareholders	—	(260,800)	(260,800)
<b>At 31 Dec 2022</b>	<b>1,999,995</b>	<b>261,395</b>	<b>2,261,390</b>
<b>At 1 Jan 2021</b>	<b>1,999,995</b>	<b>260,800</b>	<b>2,260,795</b>
Profit for the year	—	260,800	260,800
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>260,800</b>	<b>260,800</b>
Dividends to shareholders	—	(260,800)	(260,800)
<b>At 31 Dec 2021</b>	<b>1,999,995</b>	<b>260,800</b>	<b>2,260,795</b>

## Notes on the financial statements

### 1 Basis of preparation and significant accounting policies

#### 1.1 Basis of preparation

##### (a) Compliance with International Financial Reporting Standards ('IFRSs')

The financial statements of the Company comply with UK-adopted international accounting standards and with the requirements of the Companies Act 2006. There were no unendorsed standards effective for the year ended 31 December 2022 affecting these financial statements.

Standards adopted during the year ended 31 December 2022

There were no new accounting standards or interpretations that had a significant effect on the Company in 2022. Accounting policies have been consistently applied.

##### (b) Future accounting developments

Minor amendments to IFRSs

The International Accounting Standards Board ('IASB') has not published any minor amendments effective from 1 January 2022 that are applicable to the Company. However, the IASB has published a number of minor amendments to IFRSs that are effective from 1 January 2023 and 1 January 2024. Not all of these amendments have been endorsed for use in the UK to date but adoption is not expected to have a significant effect on the financial statements of the Company.

New IFRSs

*IFRS 17 'Insurance Contracts'*

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023 and has been adopted for use in the UK. However, it is not considered to have a significant impact on the financial statements of the Company.

##### (c) Presentation of information

The functional currency of the Company is sterling, which is also the presentational currency of the financial statements of the Company. The financial statements have been prepared on the historical cost basis, modified by the revaluation of financial assets held at fair value through profit and loss.

##### (d) Critical accounting estimates and judgements

The preparation of financial information requires the use of estimates and judgements about future conditions. In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items, it is possible that the outcomes in the next financial year could differ from those on which management's estimates are based. This could result in materially different estimates and judgements from those reached by management for the purposes of these financial statements.

Management's selection of the Company's accounting policies which contain critical estimates and judgements reflects the materiality of the items to which the policies are applied and the high degree of judgement and estimation uncertainty involved.

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

##### (e) Going concern

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. This includes the principal risks and uncertainties and the impact of climate risk as set out in the Strategic Report, together with future projections of profitability, cash flows and capital resources.

#### 1.2 Summary of significant accounting policies

##### (a) Income and expense

Interest income and expense

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value are recognised in 'Interest income' and 'Interest expense' in the income statement using the effective interest method.

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.

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.

Non-interest income and expense

Fee income is accounted for as follows:

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

Dividend income is recognised when the right to receive a payment is established. This is usually the date when the shareholders approve the dividend for unlisted equity securities.

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

##### (b) Valuation of financial instruments

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

## HSBC Asset Finance M.O.G. Holdings (UK) Limited

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.

### (c) Financial instruments measured at amortised cost

#### Financial assets

Financial assets that are held to collect the contractual cash flows and which contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest are measured at amortised cost. Such financial assets include Trade and other receivables and investments relating to preference shares.

Financial assets are recognised when cash is advanced to a borrower and are derecognised when either the borrower repays its obligations, or the receivables 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 allowances.

#### Trade and other payables

Amounts owed to other group undertakings represent financial liabilities and are included within trade and other payables. 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 provision 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.

### (d) Financial instruments designated at fair value through profit or loss

Financial assets at fair value through profit or loss are designated as such upon initial recognition. Subsequent changes in fair values are recognised in the income statement in 'Net income from financial instruments managed on a fair value basis'.

### (e) Impairment of amortised cost financial assets

Expected credit losses ('ECL') are recognised for all financial assets held at amortised cost. At initial recognition, allowance is required for ECL resulting from default events that are possible within the next 12 months or less, where the remaining life is less than 12 months, ('12-month ECL'). In the event of a significant increase in credit risk, allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument ('lifetime ECL'). Financial assets where 12-month ECL is recognised are considered to be 'stage 1'; financial assets which are considered to have experienced a significant increase in credit risk are in 'stage 2'; and financial assets for which there is objective evidence of impairment so are considered to be in default or otherwise credit-impaired are in 'stage 3'.

No ECL is considered to be required for financial assets held by the company as amounts are either short term in nature or not considered significant in relation to customer risk ratings.

### (f) Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement in which the related item appears.

Current tax is the tax expected to be payable on the taxable profit for the year and on any adjustment to tax payable in respect of previous years. The Company provides for potential current tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet, and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax is calculated using the tax rates expected to apply in the periods as the assets will be realised or the liabilities settled.

Current and deferred tax are calculated based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

### (g) Called up share capital

Financial instruments issued are generally 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 the proceeds, net of tax.

### (h) Cash and cash equivalents

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.

### (i) 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.

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

## 2 Employee compensation and benefits

The Company has no employees and hence no staff costs (2021: nil).

## 3 Directors' emoluments

None of the Directors of the Company received any emoluments in respect of their services as Directors of the Company (2021: nil). The Directors are employed by other companies within the HSBC Group and consider that their services to the Company are incidental to their other responsibilities within the HSBC Group.

## HSBC Asset Finance M.O.G. Holdings (UK) Limited

### 4 Auditors' remuneration

Certain expenses including auditors' remuneration have been borne by a fellow group undertaking and are therefore not charged in arriving at the profit before taxation. The statutory auditor remuneration in respect of the audit of the financial statements of the Company borne on behalf of the Company amounted to £2,950 (2021: £1,103).

There were no non-audit fees incurred and payable to the Company's statutory auditor during the year (2021: nil).

### 5 Tax

#### Tax expense

	2022 £	2021 £
<b>Current tax</b>		
- For this year	28,640	28,500
<b>Total current tax</b>	<b>28,640</b>	<b>28,500</b>
<b>Year ended 31 Dec</b>	<b>28,640</b>	<b>28,500</b>

The UK corporation tax rate applying to the Company was 19% (2021: 19%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

#### Tax reconciliation

	2022 £	(%)	2021 £	(%)
Profit before tax	290,035		289,300	
Tax at 19.00% (2021: 19.00%)	55,107	19.0	54,967	19.0
Non-taxable income and gains	(26,467)	(9.1)	(26,467)	(9.1)
<b>Year ended 31 Dec</b>	<b>28,640</b>	<b>9.9</b>	<b>28,500</b>	<b>9.9</b>

### 6 Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

The following table analyses the carrying amount of financial assets and liabilities by category and by balance sheet heading.

	Fair value through profit and loss £	Financial assets and liabilities at amortised cost £	Total £
<b>At 31 Dec 2022</b>			
<b>Assets</b>			
Cash and cash equivalents	—	330,515	330,515
Financial investments	9,995	1,990,000	1,999,995
Prepayments and accrued income	—	35,111	35,111
<b>Total financial assets</b>	<b>9,995</b>	<b>2,355,626</b>	<b>2,365,621</b>
<b>Total non-financial assets</b>			<b>—</b>
<b>Total assets</b>			<b>2,365,621</b>
<b>Liabilities</b>			
Trade and other payables	—	75,591	75,591
<b>Total financial liabilities</b>	<b>—</b>	<b>75,591</b>	<b>75,591</b>
<b>Total non-financial liabilities</b>			<b>28,500</b>
<b>Total liabilities</b>			<b>104,091</b>
<b>At 31 Dec 2021</b>			
<b>Assets</b>			
Cash and cash equivalents	—	391,280	391,280
Financial investments	9,995	1,990,000	1,999,995
Prepayments and accrued income	—	35,111	35,111
<b>Total financial assets</b>	<b>9,995</b>	<b>2,416,391</b>	<b>2,426,386</b>
<b>Total assets</b>			<b>2,426,386</b>
<b>Liabilities</b>			
Trade and other payables	—	137,091	137,091
<b>Total financial liabilities</b>	<b>—</b>	<b>137,091</b>	<b>137,091</b>
<b>Total non-financial liabilities</b>			<b>28,500</b>
<b>Total liabilities</b>			<b>165,591</b>

## HSBC Asset Finance M.O.G. Holdings (UK) Limited

### 7 Fair value of financial instruments carried at fair value

#### Fair value hierarchy

Fair values of financial assets and liabilities are determined according to the following hierarchy:

- (a) Level 1 - valuation technique using quoted market price: financial instruments with quoted prices for identical instruments in active markets that HSBC can access at the measurement date.
- (b) Level 2 - valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- (c) Level 3 - valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable.

Financial instruments carried at fair value and bases of valuation

	2022	
	Level 3	Total
	£	£
<b>Recurring fair value measurements at 31 Dec</b>		
<b>Assets</b>		
Financial investments at fair value	9,995	9,995
	2021	
	Level 3	Total
	£	£
<b>Recurring fair value measurements at 31 Dec</b>		
<b>Assets</b>		
Financial investments at fair value	9,995	9,995

The fair value has been assessed based on historical observations, future expectations and the fair value of equivalent holdings reported by other investees.

### 8 Financial investments

#### Carrying amount of financial investments

	2022	2021
	£	£
Financial investments measured at:		
- fair value through profit and loss	9,995	9,995
- amortised cost	1,990,000	1,990,000
<b>Year ended 31 Dec</b>	<b>1,999,995</b>	<b>1,999,995</b>

The Company holds an investment in 1,990,000 7% £1 Cumulative preference shares and 9,995 ordinary shares in Motability Operations Group plc representing a 19.99% interest.

The Directors consider that the business model for the investment in 1,990,000 7% £1 Cumulative preference shares is to hold to collect for the foreseeable future and hence has been reclassified at amortised cost with effect from 1 January 2018.

Furthermore, following the adoption of IFRS 9 with effect from 1 January 2018, the investment in 9,995 £1 ordinary shares has been classified as fair value through profit or loss.

Financial Investments held at fair value are initially measured at purchase consideration. Subsequent evaluation of fair value incorporates significant inputs which are not based on observable market data (unobservable inputs), such as historical observations, future expectations and the fair value of equivalent holdings reported by other investees. Based on these observations there has been no material change to the fair value of the 9,995 £1 Ordinary shares and therefore no gain or loss has been recognised during the year.

### 9 Trade and other payables

	2022	2021
	£	£
Amounts owed to other group undertakings	75,591	137,091
<b>At 31 Dec</b>	<b>75,591</b>	<b>137,091</b>

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 due to their short term nature.

### 10 Called up share capital

	2022		2021	
	Number	£	Number	£
<b>Issued, allotted and fully paid up</b>				
Ordinary shares of £1 each	1,999,995	1,999,995	1,999,995	1,999,995
<b>As at 1 Jan and 31 Dec</b>	<b>1,999,995</b>	<b>1,999,995</b>	<b>1,999,995</b>	<b>1,999,995</b>

## HSBC Asset Finance M.O.G. Holdings (UK) Limited

### 11 Management of financial risk

All of the Company's activities involve to varying degrees, the analysis, evaluation, acceptance and management of risks or combination of risks. The most important types of risk include financial risk, which comprises credit risk, liquidity risk and market risk. The management of financial risk and consideration of profitability, cash flows and capital resources form a key element in the Directors' assessment of the Company as a going concern.

#### Credit risk management

The Company has no significant exposure to credit risk.

#### Liquidity risk management

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet obligations as they fall due or will have access to such resources only at an excessive cost. The risk arises from mismatches in the timing of cash flows.

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 the Company as described above for risks generally.

The following is an analysis of undiscounted cash flows payable under various financial liabilities by remaining contractual maturities at the balance sheet date:

	On Demand £	Total £
Trade and other payables	75,591	75,591
At 31 Dec 2022	75,591	75,591
Trade and other payables	137,091	137,091
At 31 Dec 2021	137,091	137,091

#### Market risk management

Market risk is the risk that movements in market factors including interest rates or foreign exchange rates will impact 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.

### 12 Related party transactions

#### Transaction with other related parties

	2022		2021	
	Highest balance during the year £	Balance at 31 December £	Highest balance during the year £	Balance at 31 December £
<b>Liabilities</b>				
Trade and other payables <sup>1</sup>	137,091	75,591	137,091	137,091

<sup>1</sup> These amounts are payable to another group company, HSBC Asset Finance (UK) Ltd.

### 13 Parent undertakings

The ultimate parent undertaking and ultimate controlling party is HSBC Holdings plc which is the parent undertaking of the largest group to consolidate these financial statements. HSBC Bank plc is the parent undertaking of the smallest group to consolidate these financial statements.

The immediate parent undertaking is HSBC Bank plc. All companies are registered in England and Wales.

The results of the Company are included in the financial statements of HSBC Holdings plc and HSBC Bank plc.

Copies of HSBC Holdings plc's and HSBC Bank plc's consolidated financial statements can be obtained from:

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

HSBC Bank plc  
8 Canada Square  
London E14 5HQ  
United Kingdom  
www.hsbc.com

### 14 Events after the balance sheet date

No significant events affecting the Company have occurred since the end of the financial year.