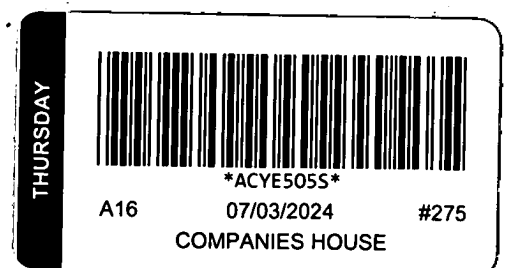


HSBC Asset Management (Fund Services UK) Limited

Registration No: 13596573

**Annual Report and Financial Statements for the year ended 31
December 2023**



Annual Report and Financial Statements for the year ended 31 December 2023

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HSBC Asset Management (Fund Services UK) Limited

Strategic Report

HSBC Asset Management (Fund Services UK) Limited ('the Entity') is a private entity by limited shares incorporated in England and Wales and its country of incorporation is the United Kingdom. Its registered office address is 8 Canada Square, London E14 5HQ.

Principal activities

HSBC Asset Management (Fund Services UK) Limited ("the Entity") is an entity created to act as the Authorised Corporate Director ('ACD') and Authorised Investment Fund Manager ("AIFM") to take on the ACD and AIFM activities currently undertaken by HSBC Global Asset Management (UK) Limited.

Review of the Entity's business and Performance

The Entity was incorporated on 1 September 2021. The Entity has not yet started trading and has not generated income or incurred expenses. The Entity received regulatory approval from the FCA in April 2023 and is also seeking regulatory approval from Securities and Futures Commission, Hong Kong. Once the regulatory permissions are in place, the Entity will begin trading, which is anticipated in the second half of 2024.

At the year-end, the Balance Sheet was mainly composed of cash totaling £1,500,100. As at 31 December 2023 the net assets were £1,500,100.

Key performance indicators

The Directors use Key Performance Indicators ('KPI's) to monitor the business. As well as the Income Statement and the Balance Sheet, these indicators include measures to identify the returns on different categories of assets and the risks to which the Entity is exposed.

Financial KPIs

	2023
Result before tax (£)	0
Total assets (£)	1,500,100
Return on equity (%)	0%

Principal risks, financial risks and uncertainties

The Board is responsible for setting the risk appetite for the Entity within the context of the HSBC Group's direction. The Board has considered the principal risks facing the Entity and the exposure in relation to each of those risks. The Entity also has its own established governance framework, with clear terms of reference for the Board and a clear organisational structure, with documented delegated authorities and responsibilities.

The Entity operates within the risk management framework of HSBC Group. The framework defines the principal risk categories and sets out the methodology for the identification, assessment, mitigation and reporting of risks. A risk management structure is in place which embeds risk management into the business.

The Board reviews the key risks facing the Entity by receiving regular reports as to the current status of each risk. The financial services industry remains closely regulated and the UK regulators may take actions that could result in changes to industry practices, sales and pricing. The Entity maintains a strong compliance culture and monitors the regulatory environment closely to proactively adapt to changes and reduce risks to the Entity.

The Directors consider it appropriate to differentiate between those financial risks which directly impact the Entity and those which indirectly impact the Entity due to risks borne by the Entity in relation to its asset holdings and their valuations.

Strategic Report (Continued)

Section 172 (1) statement

Section 172 of the Companies Act 2006 requires a director of an entity to act in the way he or she considers, in good faith, would be most likely to promote the success of the entity for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to: (i) the likely consequences of any decision in the long term; (ii) the interests of the entity's employees; (iii) the need to foster the entity's business relationships with suppliers, customers and others; (iv) the impact of the entity's operations on the community and the environment; and (v) the desirability of the entity maintaining a reputation for high standards of business conduct.

The Board considers its stakeholders to be the people who work for us, invest with us, own us, regulate us and live in the societies we serve. During the year, 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 stakeholders will help deliver the entity'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 all of its stakeholders.

The principal decision taken by the Board during the year concerned the approval of the submission of the application to seek regulatory approval for the entity to operate as an ACD and AIFM. The Entity received regulatory approval from the FCA in April 2023. The Entity is also seeking regulatory approval from Securities and Futures Commission, Hong Kong.

Signed on behalf of the Board



M J Higginbotham
Director
29 February 2024

Registered Office
HSBC
8 Canada Square,
London, United Kingdom
E14 5HQ

Directors' Report

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Name	Appointed	Resigned
P G P Dew (Chairman)	01/06/2022	
S T Brown	01/06/2022	
C Godfrey	01/09/2021	
M J Higginbotham	01/06/2022	
D A McMaster	01/09/2021	
L K Williams	30/11/2021	
P Mittal	06/10/2023	
J P French	06/10/2023	25/10/2023

The Articles of Association of the Entity provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Entity 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. All Directors have the benefit of directors' and officers' liability insurance.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2023.

Significant events since the end of the financial year

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

Future developments

HSBC Asset Management (Fund Services UK) Limited ("the Entity") is an Entity created to act as the Authorised Corporate Director ('ACD') and Authorised Investment Fund Manager ("AIFM") to take on the ACD and AIFM activities currently undertaken by HSBC Global Asset Management (UK) Limited.

The Entity received regulatory approval from the FCA in April 2023. The Entity is also seeking regulatory approval from Securities and Futures Commission, Hong Kong. Once the regulatory permissions are in place, the Entity will begin trading, which is anticipated in the second half of 2024.

Going concern basis

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Entity has the resources to continue in business for the foreseeable future.

Capital management

The Entity defines capital as total Shareholders' Equity. It is 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 Entity's approach to capital management during the year.

Disclosure of information to auditors

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Entity's auditors are unaware; and the Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Entity's auditors are aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance therewith.

Directors' Report (Continued)

Independent Auditors

Pursuant to section 485 of the Companies Act 2006, PricewaterhouseCoopers LLP ("PwC") have been appointed auditors of the Entity.

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.

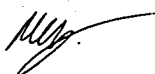
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Entity and of the profit or loss of the Entity for that year. 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 Entity will continue in business.

The directors are also responsible for safeguarding the assets of the Entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Signed on behalf of the Board



M J Higginbotham
Director

29 February 2024

Registered Office

HSBC
8 Canada Square
London, United Kingdom
E14 5HQ

Independent auditors' report to the members of HSBC Asset Management (Fund Services UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, HSBC Asset Management (Fund Services UK) Limited's financial statements:

- give a true and fair view of the state of the entity's affairs as at 31 December 2023 and of its result 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 and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2023; the Income Statement, 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 entity 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 entity'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 entity'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.

Independent auditors' report to the members of HSBC Asset Management (Fund Services UK) Limited (continued)

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 the Directors' Report, 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 the Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Directors' Report for the year ended 31 December 2023 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 entity and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Directors' Report.

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 entity'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 entity or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of HSBC Asset Management (Fund Services UK) Limited (continued)

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 entity and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, 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 the 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 of inappropriate journal entries in order to manipulate the financial results. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the directors;
- Understanding of management's internal controls designed to prevent and detect irregularities; and
- Testing journal entries, with a focus on journals indicating unusual transactions based on our understanding of the business.

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. 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 Entity'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.

HSBC Asset Management (Fund Services UK) Limited

**Independent auditors' report to the members of HSBC Asset Management
(Fund Services UK) Limited (continued)**

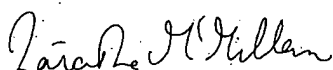
Other required reporting

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 entity, 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.



Natasha McMillan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 February 2024

HSBC Asset Management (Fund Services UK) Limited

Financial Statements

Income statement for the year ended 31 December 2023

	Note	1 January 2023 to 31 December 2023	1 September 2021 to 31 December 2022
		£	£
General and administrative expenses	2	-	-
Total operating expenses		-	-
Operating result		-	-
Result before tax		-	-
Tax	3	-	-
Result for the year		-	-

The notes on pages 15 to 22 form an integral part of these Financial Statements.

All amounts reported in the Income Statement relate to continuing operations.

There has been no comprehensive income or expense other than the result for the year as shown above.

HSBC Asset Management (Fund Services UK) Limited

Registered No: 13596573

Financial Statements (continued)

Balance Sheet as at 31 December 2023

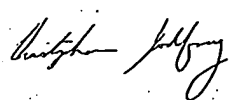
	Note	2023 £	2022 £
Assets			
Cash and cash equivalents	5	1,500,100	-
Trade and other receivables	6	-	100
Total assets		1,500,100	100
Liabilities and equity			
Liabilities			
Total liabilities			
Equity			
Called up share capital	7	1,500,100	100
Total equity		1,500,100	100
Total equity and liabilities		1,500,100	100

The notes on pages 15 to 22 form an integral part of these Financial Statements.

These Financial Statements on pages 11 to 22 were approved by the Board of Directors on 29 February 2024 and were signed on its behalf by:



M J Higginbotham
Director



C Godfrey
Director

Financial Statements (continued)

Statement of Cash Flows for the year ended 31 December 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Result before tax			
Adjustments for:			
- change in trade and other receivables		100	-
- change in trade and other payables		-	-
Net cash generated from operating activities		100	-
Cash flows from investing activities			
Capital injection in subsidiary undertaking		-	-
Net cash generated from investing activities		-	-
Cash flows from financing activities			
Proceeds from issuance of shares		1,500,000	-
Proceeds from borrowings		-	-
Net cash generated from financing activities		1,500,000	-
Net increase in cash and cash equivalents		1,500,100	-
Cash and cash equivalents brought forward	5	-	-
Cash and cash equivalents carried forward	5	1,500,100	-

The notes on pages 15 to 22 form an integral part of these Financial Statements.

Financial Statements (continued)

Statement of Changes in Equity for the year ended 31 December 2023

	Called up share capital £	Accumulated Losses £	Total £
At 1 January 2023	100	-	100
Result for the year	-	-	-
Total comprehensive expense for the year	-	-	-
Shares issued	1,500,000	-	1,500,000
At 31 December 2023	1,500,100	-	1,500,100

	Called up share capital £	Accumulated Losses £	Total £
At 1 September 2021	-	-	-
Result for the period	-	-	-
Total comprehensive expense for the period	-	-	-
Shares issued	100	-	100
At 31 December 2022	100	-	100

The notes on pages 15 to 22 form an integral part of these Financial Statements.

Equity is wholly attributable to equity shareholders of HSBC Global Asset Management Limited.

Notes on the Financial Statements

1 Basis of preparation and significant accounting policies

The Financial Statements of the Entity have been prepared in accordance with UK-adopted international accounting standards and with the requirements of Companies Act 2006 as applicable to companies reporting under those standards. The principal accounting policies applied in the preparation of these financial statements have been consistently applied to the year presented, unless otherwise stated.

1.1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

The financial statements of the Entity have been prepared in comply with UK-adopted international accounting standards. These financial statements are also prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'), including interpretations issued by the IFRS Interpretations Committee, as there are no applicable differences from IFRSs as issued by the IASB for the periods presented. There were no unendorsed standards effective for the year ended 31 December 2023 affecting the Entity's financial statements.

The Entity's application of IFRSs results in no differences between IFRSs as issued by the IASB.

Standards adopted during the year ended 31 December 2023

There were no new accounting standards or interpretations that had a significant effect on the Entity in 2023. Accounting policies have been consistently applied.

(b) Future accounting developments

Minor amendments to IFRSs

The IASB has not published any minor amendments effective from 1 January 2023 that are applicable to the Entity. However, the IASB has published a number of minor amendments to IFRSs that are effective from 1 January 2023 and 1 January 2024. The Entity expects they will have an insignificant effect, when adopted, on the financial statements of the Entity.

New IFRSs

IFRS 17 'Insurance Contracts'

IFRS 17 'Insurance Contracts' was issued in May 2017, with amendments to the standard issued in June 2020 and December 2021. Following the amendments, IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023 and has been adopted in its entirety for use in the UK. However, it is not expected to have a material impact on the financial statements of the Entity.

(c) Presentation of information

The functional currency of the Entity is Sterling, which is also the presentation currency of the Financial Statements of the Entity.

(d) Critical accounting estimates and judgments

There is no use of estimates and judgments in the preparation of financial information of the Entity.

Notes on the Financial Statements (continued)

(e) Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Entity 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, including future projections of profitability, cash flows and capital resources.

(f) Tax and Deferred 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 Entity 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) Value-Added Tax ("VAT")

Expenses are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case, the VAT is recognised as part of the expense.

(h) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Trade and other payables

Trade and other payables represent amounts due to the Entity from group companies prior to the end of the financial year. The amounts are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(j) Trade and other receivables

Trade and other receivables represent amounts due from the Entity to group companies prior to the end of the financial year. The amounts are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Notes on the Financial Statements (continued)

(k) 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.

(l) Contingent liabilities and contractual commitments and guarantees

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security as well as contingent liabilities related to legal proceedings or regulatory matters are not recognised in the Financial Statements but are disclosed unless the probability of settlement is remote.

Liabilities under financial guarantee contracts which are not classified as insurance contracts are recorded initially at their fair value, which is generally the fee received or present value of the fee receivable.

2 General and administrative expenses

Result before taxation is stated after charging:

Other administrative expenses include:

Temporary contractor costs

Auditors' remuneration for:

Audit fees for statutory audit

2023

2022

£

£

-

-

-

-

-

-

-

-

Audit fees of £8k and all other administrative expenses such as accountancy and IT related expenses, are borne by other group companies.

3 Tax

No tax has been charged for the year ended 31 December 2023.

Notes on the Financial Statements (continued)

4 Directors' emoluments

The Entity has no employees. The Director's emoluments are allocated based on their services to the Entity and the costs are born by other group companies. The aggregate emoluments of the Directors of the Entity, computed in accordance with the Companies Act 2006 as amended by statutory instrument 2008 No.410, were:

	1 January 2023 to 31 December 2023	1 September 2021 to 31 December 2022
	£	£
Fees ¹	40,000	32,000
Salaries and other emoluments	42,591	27,547
Annual incentives ²	11,202	15,929
	93,793	75,476

¹ Fees include fees paid to non-executive Directors.

² Awards made to executive Directors in respect of 2023 performance comprise a mixture of cash and HSBC Holdings plc ordinary shares. The amount shown comprised £0 in cash, £11,202 in immediate Cash or Immediate Indexed Cash relating to 2022 paid in March 2023, £0 in Restricted Shares and £0 in deferred Restricted Shares (vesting annually over a three-year period) issued under the HSBC Share Plan.

0 (2022: 0) Directors exercised share options over HSBC Holdings plc ordinary shares during the year.

Awards were made to 0 (2022: 2) Directors under long-term incentive plans in respect of qualifying services rendered in 2023. During 2023, 2 (2022: 0) Directors received shares in respect of awards under long-term incentive plans that vested during the year.

Retirement benefits are accruing to 0 Directors under a defined benefit scheme and are accruing to 3 (2022: 2) Directors under money purchase schemes in respect of Directors' qualifying service. Contributions of £3,943 (2022: £2,214) were made during the year to money purchase arrangements and £0 to defined benefit schemes in respect of Directors' qualifying service.

Discretionary bonuses for Directors are based on a combination of individual and corporate performance and are determined by the Remuneration Committee of the Entity's ultimate parent company, HSBC Holdings plc. The cost of any conditional awards under the HSBC Share Plan and the HSBC Plan 2011 ('the Plans') is recognised through an annual charge based on the fair value of the awards, apportioned over the year of service to which the award relates. Details of the Plans are contained within the Directors' Remuneration Report of HSBC Holdings plc.

Of these aggregate figures, the following amounts are attributable to the highest paid Director:

	1 January 2023 to 31 December 2023	1 September 2021 to 31 December 2022
	£	£
Salaries and other emoluments	19,964	19,088
Annual incentives ¹	4,185	11,220
	24,149	30,308

¹ Awards made to the highest paid Director in respect of 2023 performance comprise a mixture of cash and HSBC Holdings plc ordinary shares. The amount shown comprised £0 in cash, £4,185 in immediate Cash or Immediate Indexed Cash relating to 2022 paid in March 2023, £0 in Restricted Shares and £0 in deferred Restricted Shares (vesting annually over a three-year period) issued under the HSBC Share Plan.

HSBC Asset Management (Fund Services UK) Limited

Notes on the Financial Statements (continued)

The highest paid Director received 497 (2022: 0) shares, in respect of qualifying services, as the result of awards under long-term incentive plans that vested during the year. The highest paid Director exercised nil share options over HSBC Holdings plc ordinary shares during the year. Pension contributions of £2,069 (2022: £1,618) were made by the Entity in respect of services by the highest paid Director during the year.

5 Cash and cash equivalents

	2023	2022
	£	£
Cash and cash equivalents held with other Group undertakings	1,500,100	-
	1,500,100	

6 Trade and other receivables

	2023	2022
	£	£
Amounts due from Parent	-	100
		100

7 Called up share capital

	2023	2022
	£	£
Issued, allotted and fully paid up		
1,500,100 Ordinary shares of £1 each	1,500,100	100
Total share capital as at 31 December	1,500,100	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Entity. All shares rank equally with regard to repayment of capital.

8 Contingent liabilities and contractual commitments and guarantees

There were no contingent liabilities or financial guarantee contracts as at 31 December 2023.

Notes on the Financial Statements (continued)

9 Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis at net realisable value. Fair value is considered equivalent to net realisable value.

The following table analyses the carrying amount of financial assets and liability by category as defined in IAS 39 and by Balance Sheet heading:

	Financial assets and liabilities at net realisable value £	Total £
At 31 December 2023		
Assets		
Cash and cash equivalents	1,500,100	1,500,100
Trade and other receivables	-	-
	<hr/>	<hr/>
Total financial assets	1,500,100	1,500,100
Total non-financial assets	-	-
	<hr/>	<hr/>
Total assets	1,500,100	1,500,100
	<hr/>	<hr/>
Liabilities		
Trade and other payables	-	-
	<hr/>	<hr/>
Total financial liabilities	-	-
Total non-financial liabilities	-	-
	<hr/>	<hr/>
Total liabilities	-	-
	<hr/>	<hr/>

10 Fair value of financial instruments not carried at fair value

There are no material differences between the carrying value and the net realisable value of liabilities at 31 December 2023. Fair value is considered equivalent to net realisable value.

Notes on the Financial Statements (continued)

11 Management of financial risk

All of the Entity'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 comprise 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 HSBC group companies, including the Entity.

a) Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty of the Entity fails to meet a payment obligation under a contract.

Within the overall framework of the HSBC group policy, the Entity has an established risk management process encompassing credit approvals, the control of exposures, credit policy direction to the Entity, and the monitoring and reporting of exposures.

The Entity's exposure to credit risk arises from intercompany receivables. An important measure of credit risk is the ageing as reported below:

As at 31 Dec 2023	Due within 90 days £	Due between 90 days – 1 year £	Due over 1 year £	Total £
Cash and cash equivalents	1,500,100	-	-	1,500,100
Trade and other receivables	-	-	-	-
Deferred tax asset	-	-	-	-
Net exposure	-	-	-	-

b) Liquidity and funding risk management

Liquidity risk is the risk that the Entity 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 Entity 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 Entity will borrow funds as and when required from parent undertakings.

c) Market risk management

The Entity's objective is to manage and control market rate exposures while maintaining a market profile consistent with its risk appetite.

The Entity manages market risk through risk limits approved by the HSBC group Risk Management Meeting of the HSBC group Management board and adopted by the Entity's Board. An independent risk unit develops risk management policies and measurement techniques, and reviews limit utilisation on a daily basis.

d) Interest rate risk

The Entity has no exposure to interest rate risk as the Entity's bank account is non-interest bearing.

Notes on the Financial Statements (continued)

12 Related party transactions

The Entity's related parties include the parent and fellow subsidiaries post-employment benefits plans for the Entity's employees, Key Management Personnel, close family members of Key Management Personnel and entities which are controlled or significantly influenced by Key Management Personnel or their close family members. Key Management Personnel are deemed to be the Directors of the Entity.

Transactions with Directors and other Key Management Personnel

There are no transactions between the Entity and Key Management Personnel. No loans were made to Key Management Personnel for the year ended 31 December 2023.

13 Parent undertakings

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

The immediate parent undertaking is HSBC Global Asset Management Limited. All companies are registered in England and Wales.

Copies of HSBC Holdings plc consolidated financial statements can be obtained from:

HSBC Holdings plc
8 Canada square
London E14 5HQ
United Kingdom

www.hsbc.com

14 Events after the balance sheet date

There was no other significant event occurring after the balance sheet date, as at the date these Financial Statements were approved.