

# **Holmwoods Insurance Group Management Limited**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 1998**

**REGISTERED NO. 291899**



# **Holmwoods Insurance Group Management Limited**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 1998.

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The Company has not actively traded during the period and there has been no income or expenditure. Therefore there has been no change in the Company's position during the year. Any expenses of the company have been met by its fellow subsidiary undertaking HSBC Gibbs Limited.

### **RESULTS AND DIVIDEND**

The results of the company are detailed in the profit and loss account on page 4. The directors do not recommend the payment of a dividend.

### **DIRECTORS**

The directors who served during the year were:

G.F. Puttergill	
A.M.M. Dixon	
D.J.L. Godfray	
A.C.D. Ingleby-Mackenzie	(resigned 27 February 1998)
J.A.C. Bonnett	(resigned 27 February 1998)
M.J. Rusby	(resigned 27 February 1998)

*Directors' and officers' liability insurance was in force throughout the year.*

### **DIRECTORS' INTERESTS**

The only Directors' interests, which require disclosure in accordance with the requirements of the Companies Act 1985, except those of Mr G.F. Puttergill, whose interests are disclosed in the Directors' Report and Financial Statements of HSBC Insurance Holdings Limited are those of Mr D.J.L. Godfray who, at 31 December 1998, had a beneficial interest in 1,065 Ordinary Shares of 75p each of the Company's ultimate parent, HSBC Holdings plc (1 January 1998: Nil).

# Holmwoods Insurance Group Management Limited

## DIRECTORS' REPORT

### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

### AUDITORS

Pursuant to a shareholder's resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

Bishops Court  
27/33 Artillery Lane  
London, E1 7LP

By Order of the Board



L.J. Jenkinson  
Secretary

16 February 1999

REGISTERED NO: 291899

## **Holmwoods Insurance Group Management Limited**

### **AUDITORS' REPORT TO THE SHAREHOLDERS OF Holmwoods Insurance Group Management Limited**

We have audited the financial statements on pages 4 to 9.

#### **Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

#### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1998 and of the result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditors

*19 February 1999*

8 Salisbury Square  
London  
EC4Y 8BB

# Holmwoods Insurance Group Management Limited

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Year to 31 December 1998 £	Year to 31 December 1997 £
<b>Total operating income</b>	-	-
Net operating expenses	-	-
Loss on ordinary activities before taxation	-	-
Taxation	-	-
<b>Loss on ordinary activities after taxation</b>	-	-
Dividends	-	-
<b>Retained loss for the period</b>	-	-
<b>Retained (loss)/profit at 31 December 1997</b>	(925,833)	(925,833)
<b>Retained loss at 31 December 1998</b>	(925,833)	(925,833)

All gains and losses have been dealt with in the profit & loss account.

The notes on pages 6 to 9 form part of these financial statements.

# Holmwoods Insurance Group Management Limited

## BALANCE SHEET AT 31 DECEMBER 1998

	Note	1998 £	1997 £
<b>Fixed assets</b>			
Investments in group undertakings	3	-	-
		-	-
<b>Current assets</b>			
Debtors	4	4,919,162	4,919,162
		4,919,162	4,919,162
<b>Creditors: Amounts falling due within one year</b>	5	(3,488,179)	(3,488,179)
<b>Net current assets</b>		1,430,983	1,430,983
<b>Total assets less current liabilities</b>		1,430,983	1,430,983
<b>Creditors: Amounts falling due after more than one year</b>	6	(301,349)	(301,349)
<b>Net Assets</b>		1,129,634	1,129,634
<b>Capital and reserves</b>			
Called up share capital	7	1,734,000	1,734,000
Share premium account	8	318,467	318,467
Capital redemption reserve		3,000	3,000
Profit and loss account		(925,833)	(925,833)
<b>Shareholders' funds - equity interests</b>	9	1,129,634	1,129,634

The financial statements were approved  
by the Board of Directors on 16 June 1999

  
G.F. PUTTERGILL

Director

The notes on pages 6 to 9 form part of these financial statements.

# Holmwoods Insurance Group Management Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

(a) **Basis of Accounting**

The financial statements have been prepared in accordance with the historical cost convention and applicable accounting standards.

(b) **Cash Flow Statement**

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a company whose consolidated financial statements include a cash flow statement.

(c) **Consolidated Financial Statements**

Consolidated financial statements have not been prepared since the company is a wholly-owned subsidiary of HSBC Holdings plc, a company incorporated in Great Britain.

(d) **Fixed Asset Investments**

Investments in group undertakings are included in the company's balance sheet at cost less any amounts written off for permanent diminution in value.

(e) **Deferred Taxation**

Deferred taxation in respect of the taxation effect of material timing differences is provided only to the extent that it is probable that liabilities will crystallise.

### 2. DIRECTORS AND EMPLOYEES

No director, including the chairman, received any remuneration from the company during the current period or prior year. The company has no employees.

# Holmwoods Insurance Group Management Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 3. FIXED ASSET INVESTMENTS

	Investments in group undertakings £
Cost at 1 January 1998	1,414,908
Transferred to fellow group undertaking	541,523
Cost at 31 December 1998	873,385
Amounts provided at 1 January 1998	1,414,908
Transferred to fellow group undertaking	541,523
Amounts provided at 31 December 1998	873,385
Net book value:	
At 31 December 1998	-
At 31 December 1997	-

The directors are of the opinion that the value of investments in group undertakings is not less than the value shown in the financial statements.

### 4. DEBTORS

	1998 £	1997 £
Amounts falling due within one year:		
Amounts due from parent and fellow subsidiary undertakings	4,919,162	4,919,162

# Holmwoods Insurance Group Management Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Amounts owed to parent and fellow subsidiary undertakings	124,120	124,120
Amounts owed to subsidiary undertakings	3,364,059	3,364,059
	3,488,179	3,488,179

### 6. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Amounts owed to subsidiary undertakings	301,349	301,349
	301,349	301,349

### 7. SHARE CAPITAL

	1998 £	1997 £
<b>Authorised, allotted, called up and fully paid</b>		
6,936,000 Ordinary shares of 25p each	1,734,000	1,734,000
	1,734,000	1,734,000

# Holmwoods Insurance Group Management Limited

## NOTES TO THE FINANCIAL STATEMENTS

### 8. SHARE PREMIUM ACCOUNT AND RESERVES

	Share Premium Account £	Capital Redemption Reserve £	Profit and Loss Account £
At 1 January 1998 and 31 December 1998	318,467	3,000	(925,833)

### 9. STATEMENT OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Loss for the financial year	-	-
Net reduction to shareholders' funds	-	-
Opening shareholders' funds	1,129,634	1,129,634
Closing shareholder's funds	1,129,634	1,129,634

### 10. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is HSBC Holdings plc, which is incorporated in Great Britain and registered in England and Wales. The only group in which the results of the company are consolidated is that headed by HSBC Holdings plc. The consolidated financial statements of HSBC Holdings, plc are available to the public and may be obtained from 10 Lower Thames Street, London, EC3R 6AE.