

# **HSBC International Trade Finance Limited**

Report of the Directors and Financial Statements

31 December 2002

## **Secretary**

M V Pearce

## **Registered Office**

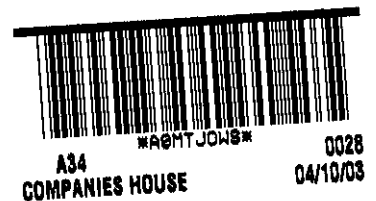
8 Canada Square  
London  
EC14 5HQ

Telephone: 020-7991 8888

Registered No. 1631139

## **Auditors**

KPMG Audit Plc  
8 Salisbury Square  
London  
EC4Y 8BB



# **HSBC International Trade Finance Limited**

## **Report of the Directors for the Year Ended 31 December 2002**

### **Principal activities**

The Company's principal activity is to provide credit for the international movement of manufactured goods and raw materials and in addition manages its group of subsidiaries. No change in the Company's activities is anticipated.

### **Results and dividends**

The Company's results for the year under review are as detailed in the statement of profit and loss shown in these accounts.

No interim dividend was paid in respect of the year ended 31 December 2002 (2001: £1,000,000). The directors recommend no payment of a second interim dividend (2001: £nil) for the year ended 31 December 2002.

### **Business review**

During the year, the Company and its subsidiaries focused their business development efforts on the provision of structured trade finance solutions for the large and medium sized corporate customers of the HSBC group.

### **Directors**

The directors who served during the year were as follows:

Name	Appointed	Resigned
R J Moore		
R H Musgrove		19 December 2002
M V Pearce	19 December 2002	
R E White	31 October 2002	
B S Wilkinson		31 October 2002

### **Directors' interests**

All the directors' interests in the share and loan capital of HSBC Holdings plc, the ultimate parent undertaking, required to be disclosed under the Companies Act 1985, are set out below:

<b>HSBC Holdings plc</b>		
Ordinary shares of US\$0.50 each		
	31 December 2002	1 January 2002 (or appointment date)
R J Moore	2,516	2,089
R E White	13,323	13,323

# HSBC International Trade Finance Limited

## Report of the Directors for the Year Ended 31 December 2002

### Directors' interests (continued)

During the year options over HSBC Holdings plc ordinary shares of US\$0.50 each were granted/exercised as follows:

	Granted	Exercised
R J Moore	3,523	8,262
R E White	-	609

R J Moore had an interest in 11 11.69% HSBC Holdings plc subordinated bonds 2002 of £1 each until 31 July 2002, when the bonds were redeemed.

### Supplier payment policy

It is Company practice to organise payment to its suppliers through a central purchasing unit operated by HSBC Bank plc. The payment performance of this unit is incorporated within the results of that company.

### Statement of directors' responsibilities in relation to financial statements

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year. The directors are required to prepare these financial statements on the going concern basis unless it is not appropriate. Since the directors are satisfied that the Company has the resources to continue in business for the foreseeable future, the financial statements continue to be prepared on the going concern basis.

The directors consider that in preparing the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board



M V Pearce  
Secretary

Dated: 17 September 2003

Registered Office:  
8 Canada Square  
London  
E14 5HQ

# **HSBC International Trade Finance Limited**

## **Independent auditor's report to the members of HSBC International Trade Finance Limited**

We have audited the financial statements on pages 5 to 15.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

### **Basis of audit 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 the Company's affairs as at 31 December 2002 and of its profit 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 Auditor*

Dated: 17 September 2003

# HSBC International Trade Finance Limited

## Profit and Loss Account for the Year Ended 31 December 2002

	Note	<u>2002</u> £	<u>2001*</u> £
Turnover		626,545	764,731
Administrative expenses	3	(1,272,713)	(1,181,069)
Bad debt expense	3	(498,474)	(4,846,117)
Other operating income		<u>327,310</u>	<u>536,143</u>
<b>Operating loss</b>		<b>(817,332)</b>	<b>(4,726,312)</b>
Income from shares in Group undertakings		-	288,000
Write – off of subsidiary company indebtedness		-	(691,749)
Other interest receivable and similar income	3	9,691,193	14,937,861
Amounts written (off) / back fixed assets investments	10	(59,729)	14,935
Interest payable and other similar charges	3	<u>(7,439,997)</u>	<u>(12,455,044)</u>
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>1,374,135</b>	<b>(2,632,309)</b>
Tax on profit / (loss) on ordinary activities	7	<u>(432,409)</u>	<u>675,287</u>
<b>Profit / (loss) on ordinary activities after taxation</b>		<b>941,726</b>	<b>(1,957,022)</b>
Dividend	8	-	<u>(1,000,000)</u>
<b>Profit / (loss) for the financial year</b>		<b>941,726</b>	<b>(2,957,022)</b>
Retained (loss) / profit brought forward		<u>(647,429)</u>	<u>2,309,593</u>
<b>Retained profit / (loss) carried forward</b>		<b><u>294,297</u></b>	<b><u>(647,429)</u></b>

\* Figures for 2001 have been restated to reflect the adoption of the Financial Reporting Standard 19 'Deferred Tax', details of which are set out in Note 2 on the Accounts on page 8.

Foreign exchange losses for 2001 of £89,312 have been reclassified from Other operating income to Interest payable and other similar charges.

All recognised gains or losses are included in the profit and loss account.

No note of historical costs profit and loss has presented as there is no material difference the Company's results as disclosed in the profit and loss account and the results on an unmodified historical cost basis.

All amounts relate to continuing activities.

The notes on pages 7 to 15 form part of the financial statements.

# HSBC International Trade Finance Limited

## Balance Sheet at 31 December 2002

	Note	<u>2002</u> £	<u>2001*</u> £
<b>Fixed assets</b>			
Tangible fixed assets	9	14,585	25,424
Investments	10	<u>315,247</u>	<u>361,413</u>
		329,832	386,837
<b>Current assets</b>			
Debtors	11	333,988,963	244,032,164
Cash at bank and in hand		<u>-</u>	<u>28</u>
		333,988,963	244,032,192
<b>Creditors: amounts falling due within one year</b>	12	(334,024,398)	(245,066,358)
<b>Total assets less current liabilities</b>		<u>(35,435)</u>	<u>(1,034,166)</u>
<b>Net assets / (liabilities)</b>		<u>(294,397)</u>	<u>(647,329)</u>
<b>Capital and reserves</b>			
Called up share capital	13	100	100
Profit and loss account		<u>294,297</u>	<u>(647,429)</u>
<b>Shareholder's funds</b>	14	<u>294,397</u>	<u>(647,329)</u>

\* Figures for 2001 have been restated to reflect the adoption of the Financial Reporting Standard 19 'Deferred Tax', details of which are set out in Note 2 on the Accounts on page 8.

These financial statements were approved by the Board of Directors on 17 September 2003 and were signed on its behalf by:

R J Moore  
Director



The notes on pages 7 to 15 form part of the financial statements.

# **HSBC International Trade Finance Limited**

## **Notes on the Accounts**

### **1. Basis of preparation**

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

In accordance with the exemption available under Financial Reporting Standard 8, 'Related Party Disclosures', no disclosure is presented of transactions with entities that are part of the HSBC Group as all voting rights are controlled by HSBC Holdings plc which publishes its own publicly available accounts.

#### **Cash flow statement**

The Company has taken advantage of the exceptions in paragraph 5(a) of the Financial Reporting Standard 1 (revised 1996) 'Cash Flow Statements', hence no cash flow statement is presented as all voting rights are controlled by HSBC Holdings plc, which publishes such a statement in its own publicly available accounts.

#### **Consolidated accounts**

In accordance with Section 228 (i) of the Companies Act 1985 Group financial statements have not been prepared, as the Company is a wholly owned subsidiary of a parent undertaking incorporated in European Union, for which consolidated accounts are prepared.

The financial statements present information about the undertaking as an individual undertaking and not about the Group.

### **2. Accounting policies**

#### **Foreign currencies**

Transactions denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in a foreign currency are translated into Sterling at rates of exchange ruling at the year-end. Differences on foreign currency translation are dealt with in the profit and loss account.

#### **Income recognition**

Turnover arises wholly in the UK from the Company's principle activities and comprises of commission receivable and management fees, exclusive of VAT.

Commission charged is deemed to be earned at the date of invoicing. Arrangement fees relate to fees charged to set up facilities. These fees are deemed to be earned at date of invoicing.

Interest charged is spread over the period of the contract and is recognised in the profit and loss account as it accrues, except in the case of doubtful debts.

#### **Fixed assets and depreciation**

Fixed assets are depreciated on a straight-line basis by reference to their original cost and their estimated economic life. The principal rates of depreciation are motor vehicles (25%), computer equipment and major software (33 1/3%).

The carrying values of tangible fixed assets are reviewed for impairment in the period if events or changes in circumstances indicate the carrying value may not be recoverable.

# HSBC International Trade Finance Limited

## Notes on the Accounts (continued)

### 2. Accounting policies (continued)

#### Investments in subsidiary undertakings

The Company's investments in subsidiary undertakings are stated at attributable cost less any permanent diminution in value.

#### Taxation

The adoption of FRS 19 has required a change in the method of accounting for deferred tax. Deferred tax is now recognised in full, subject to recoverability of deferred tax assets. Previously, deferred tax assets and liabilities were recognised only to the extent they were expected to crystallise. As deferred tax liabilities have generally been fully provided, the main impact of the change in method for the group has been the recognition of net deferred tax assets previously not recognised. The change in accounting policy has been reflected by way of a prior period adjustment. The comparative figures have been restated as follows:

<i>Balance Sheet</i>	<i>Debtors</i>	<i>Profit and loss account reserves</i>
	<u>£</u>	<u>£</u>
At 31 December 2001	243,672,164	(1,007,429)
Adoption of FRS 19	<u>360,000</u>	<u>360,000</u>
	<u>244,032,164</u>	<u>(647,429)</u>

#### Profit and Loss Account

The adoption of FRS 19 does not give rise to an adjustment of the 2001 profit and loss account, as there was no movement in the deferred tax asset.

The effects on the results for the current period of the adoption of FRS19 is immaterial.

#### Doubtful debts

The Company makes provisions for bad and doubtful debts promptly where required and on a prudent and consistent basis. Debt is designated as non-performing as soon as management has doubt as to the ultimate collectibility of principal or interest.

#### Specific provisions

A specific provision is raised if required. Specific provisions represents the quantification of actual and expected losses from identified accounts and are deducted from debtors in the balance sheet.

#### General provision

The general provision augments specific provisions and provides cover for debt that is impaired the balance sheet date but which will not be identified as such until sometime in the future. General provisions are deducted from debtors in the balance sheet. Historic levels of latent risk are reviewed by the Company to determine whether the level of provisioning continues to be appropriate.

#### Pension benefits

The HSBC Group operates a number of pension schemes. The majority of staff are members of defined benefit schemes. For UK defined benefit pension schemes, annual contributions are made, on the advice of qualified actuaries, for funding of retirement benefits in order to build up reserves for each scheme member during the employee's working life and used to pay to the employee or dependant a pension after retirement. The costs of providing these benefits are charged to the profit and loss account on a regular basis.



# HSBC International Trade Finance Limited

## Notes on the Accounts (continued)

### 3. Profit / (loss) on ordinary activities before taxation

The result on profit / (loss) on ordinary activities before taxation is arrived at after charging:

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Interest payable to - Group undertakings: Loans	6,838,056	11,765,838
Overdrafts	12,000	39,544
- Subsidiary undertakings	43,697	50,388
- Customer	444,876	509,962
- Foreign exchange loss	<u>101,368</u>	<u>89,312</u>
	<u>7,439,997</u>	<u>12,455,044</u>

and after crediting:

Interest receivable from - Group undertakings: Deposits	5,843	25,257
- Customer	9,682,980	14,902,216
- Other	<u>2,370</u>	<u>10,388</u>
	<u>9,691,193</u>	<u>14,937,861</u>
<b>Net interest income</b>	<b><u>2,251,196</u></b>	<b><u>2,482,817</u></b>

#### Other charges:

Auditor's remuneration	40,198	37,150
Depreciation	10,770	10,770
Profit on sale of tangible assets	(4,105)	(2,639)
Bad debt expense	498,474	4,836,117

### 4. Employees

The average number of persons employed by the Company (including Directors) during the year was as follows:

<u>2002</u>	<u>2001</u>
<u>24</u>	<u>24</u>

The aggregate payroll costs of these persons were as follows

	<u>£</u>	<u>£</u>
Wages and salaries	789,548	780,823
Social security	69,540	60,476
Pension contributions - HSBC Bank (UK) Pension Scheme	<u>74,237</u>	<u>69,719</u>
	<u>933,325</u>	<u>911,018</u>

Pension contributions in respect of Directors' qualifying services

<u>19,009</u>	<u>19,740</u>
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# HSBC International Trade Finance Limited

## Notes on the Accounts (continued)

### 5. Retirement benefits

Financial Reporting Standard No 17 ('FRS 17') 'Retirement benefits' was issued in November 2000 but will not be mandatory until the year ended 31 December 2003. Prior to this, phased transitional disclosures are required from 31 December 2001.

The HSBC Bank (UK) Pension Scheme covers employees of HSBC Bank plc, its UK subsidiaries and certain other employees of the Group. This scheme, assets of which are held in a separate trust fund, comprises a defined benefit scheme ('the principal scheme') and a defined contribution scheme, which was established on 1 July 1996 for new employees. Individual subsidiaries within the Group, whose employees participate in the principal scheme, are not able to identify their share of the underlining assets and liabilities of the principal scheme and account for the principal scheme as a defined contribution scheme.

The latest actuarial valuation of the principal scheme was made at 31 December 1999 by C G Singer, Fellow of the Institute of Actuaries, of Watson Wyatt and Partners. This valuation was updated, using approximation techniques, for the purposes of estimating the Scheme's liabilities as at 31 December 2002 for the figures below.

The assets of the principal scheme and the expected rates of return are:

	Expected rate of return a 31 December 2002 %	Value at 31 December 2002 £m	Expected rate of return a 31 December 2001 %	Value at 31 December 2001 £m
Equities	8.5	3,289	7.5	3,924
Bonds	5.0	1,176	5.1	817
Property	7.0	659	7.5	655
Other	3.75	<u>240</u>	4.0	<u>531</u>
Total market value of assets		5,364		5,927
Present value of scheme liabilities		<u>(7,000)</u>		<u>(6,588)</u>
Deficit in the scheme		(1,636)		(661)
Related deferred tax asset		<u>526</u>		<u>198</u>
Net pension liability		<u>(1,110)</u>		<u>(463)</u>

The financial assumptions used to calculate principal scheme liabilities under FRS 17 are:

	2002 %	2001 %
Discount rate	5.6	5.9
Inflation assumption	2.25	2.5
Rate of increase for pensions in payment and deferred pensions	2.25	2.5
Rate of pay increase	2.75	3.75

**HSBC International Trade Finance Limited**  
**Notes on the Accounts (continued)**

**6. Directors' emoluments**

	<u>2002</u> £	<u>2001</u> £
Total emoluments as executives	<u>138,949</u>	<u>141,126</u>
Number of directors who are members of defined benefit pension schemes	2	3

The emoluments of the highest paid director, including benefits in kind were £74,654 (2001: £77,592).

His accrued pension at the year end under the defined benefit scheme was £43,341 (2001: £40,716).

**7. Tax on profit / (loss) on ordinary activities**

	<u>2002</u> £	<u>2001</u> £
Charge / (credit) for the year at 30% (2001: 30%)	431,563	(675,287)
Amounts written off deemed irrecoverable in respect of prior years	<u>846</u>	<u>-</u>
	<u>432,409</u>	<u>(675,287)</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%).  
The differences are explained below:

	<u>2002</u> £	<u>2001</u> £
Profit / (loss) on ordinary activities before tax	1,374,135	(2,632,309)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	412,241	(789,693)
Effects of:		
Amounts not deductible for tax purposes	1,484	129,439
Adjustments to tax charge / (credit) in respect of previous periods	846	-
Excess capital allowances over depreciation	(81)	(10,552)
Provisions released non taxable	<u>17,919</u>	<u>(4,481)</u>
Current tax charge / (credit) on profit on ordinary activities	<u>432,409</u>	<u>(675,287)</u>

# HSBC International Trade Finance Limited

## Notes on the Accounts (continued)

### 8. Dividends

	<u>2002</u>	<u>2001</u>
	<u>£</u>	<u>£</u>
Equity dividends paid	-	1,000,000
	<u>-</u>	<u>1,000,000</u>

### 9. Tangible fixed assets

	<u>Motor</u>	<u>Plant &amp;</u>	<u>Total</u>
	<u>Vehicles</u>	<u>Machinery</u>	<u>£</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost</u>			
At 1 January 2002	57,480	85,526	143,006
Additions	-	-	-
Disposals	(14,400)	(85,526)	(99,926)
At 31 December 2002	<u>43,080</u>	<u>-</u>	<u>43,080</u>
<u>Accumulated depreciation</u>			
At 1 January 2002	32,125	85,457	117,582
Charge for period	10,770	-	10,770
Disposals	(14,400)	(85,457)	(99,857)
At 31 December 2002	<u>28,495</u>	<u>-</u>	<u>28,495</u>
<u>Net book value</u>			
At 31 December 2002	<u>14,585</u>	<u>-</u>	<u>14,585</u>
At 31 December 2001	<u>25,355</u>	<u>69</u>	<u>25,424</u>

### 10. Investments

	Shares in unlisted subsidiary undertakings at cost £	Provisions for diminution in value £	Loans to subsidiary undertakings £	Provisions for loans to subsidiary undertakings £	Total £
At 1 January 2002	13,360,293	(12,998,880)	765,100	(765,100)	361,413
Exchange movement		13,563	50,438	(50,438)	13,563
Write off	(19,303)	19,303	-	-	-
Provision movement	-	(59,729)	-	-	(59,729)
At 31 December 2002	<u>13,340,990</u>	<u>(13,025,743)</u>	<u>815,538</u>	<u>(815,538)</u>	<u>315,247</u>

The investments in subsidiaries have been provided against to equate the carrying value to the net asset value of the Companies.

# HSBC International Trade Finance Limited

## Notes on the Accounts (continued)

### 10. Investments (continued)

The following is a list of the Company's subsidiaries, whose equity capital is all wholly owned either directly or indirectly, and whose principal activity, except where indicated, is the provision of credit for the international movement of manufactured goods and raw materials.

<b>Directly wholly owned subsidiaries:</b>	<b>Country of incorporation</b>	<b>Country of registration</b>
TKM Limited	Great Britain	England
TKM International Limited	Great Britain	England
HITG Administration GmbH	Germany	Germany
Hongkong International Trade Finance (USA) Inc (non trading)	USA	USA
<b>Indirectly wholly owned subsidiary:</b>		
Hongkong International Trade Finance (Japan) KK (Wholly owned by TKM Limited)	Japan	Japan

In the directors' opinion, the aggregate value of investment in subsidiaries is not less than the amount at which they are stated in the accounts.

### 11. Debtors – amounts falling due within one year

	<b><u>2002</u></b> <b><u>£</u></b>	<b><u>2001*</u></b> <b><u>£</u></b>
<b>Trade debtors</b>		
Gross balances	340,990,053	249,070,999
Specific provisions	(6,702,831)	(6,034,341)
General provisions	(1,200,000)	(1,200,000)
Suspended interest	<u>(1,303)</u>	<u>(35,760)</u>
Net trade debtors	333,085,919	241,800,898
<b>Other Debtors</b>		
Amounts owing from parent and fellow subsidiary undertakings	382,015	500,971
Amounts owing from subsidiary undertakings	79,581	-
Corporation tax receivable	-	1,076,291
Deferred tax receivable (Note 2)	360,000	360,000
Dividends receivable	-	288,000
Other debtors	<u>81,448</u>	<u>6,004</u>
	<b><u>333,988,963</u></b>	<b><u>244,032,164</u></b>

\* Figures for 2001 have been restated to reflect the adoption of the Financial Reporting Standard 19 'Deferred Tax', details of which are set out in Note 2 on the Accounts on page 8.

Trade debtors are classified as falling due within one year from 31 December 2002 according to the terms of the existing agreement with customers. Such classifications may be affected by rescheduling negotiations whereby repayment terms might be extended for certain trade debtors.

£163,034,000 (2001: £57,841,000) of trade debtors is covered by trade credit insurance policies. These policies typically provide insurance cover for 90% of losses in the event of debtor default. The extent may vary by fluctuations in exchange rates where the receivable and the credit insurance cover are denominated in different currencies.

Deferred tax arises from movement in general provision.

# HSBC International Trade Finance Limited

## Notes on the Accounts (continued)

### 11. Debtors- amounts falling due within one year (continued)

Movement on provisions for bad and doubtful debts

	2002 Specific £	2002 General £	2002 £	2001 Specific £	2001 General £	2001 £
At 1 January	6,034,341	1,200,000	7,234,341	1,366,938	1,200,000	2,566,938
Charge to the profit and loss account	498,474	-	498,474	4,846,117	-	4,846,117
Exchange and other movements	170,016	-	170,016	(178,714)	-	(178,714)
At 31 December	<u>6,702,831</u>	<u>1,200,000</u>	<u>7,902,831</u>	<u>6,034,341</u>	<u>1,200,000</u>	<u>7,234,341</u>

### 12. Creditors – amounts falling due within one year

	2002 £	2001 £
Trade creditors	15,624,817	17,016,251
Amounts owed to parent and fellow subsidiary undertakings	316,403,773	225,790,596
Amounts owed to subsidiary undertakings	1,724,054	2,109,613
Corporation tax payable	132,553	-
Other creditors	134,799	147,779
Accruals and deferred income	4,402	2,119
	<u>334,024,398</u>	<u>245,066,358</u>

### 13. Share capital

	2002 £	2001* £
Authorised, allotted, called up and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 14. Reconciliation of movements in shareholder's funds

	2002 £	2001* £
Profit/(loss) for the year after taxation	941,726	(1,957,022)
Dividends payable	-	(1,000,000)
Net increase/(deduction) to shareholder's funds	941,726	(2,957,022)
Opening shareholder's funds	(647,329)	2,309,693
Closing shareholder's funds	<u>294,397</u>	<u>(647,329)</u>

\* Figures for 2001 have been restated to reflect the adoption of the Financial Reporting Standard 19 'Deferred Tax', details of which are set out in Note 2 on page 8

## **HSBC International Trade Finance Limited**

### **Notes on the Accounts (continued)**

#### **14. Contingent liabilities**

Contingent liabilities have been incurred in the ordinary course of business covering committed facilities amounting to £114,036,000 (2001: £105,048,000).

Under a Group registration the Company is jointly and severally liable for Value Added Tax due by other Group undertakings. No valuable security has been provided by the Company in respect of this contingency.

#### **15. Parent undertakings**

The ultimate parent company and the parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is HSBC Holdings plc, and the parent of the smallest such group is HSBC Bank plc, both of which are incorporated in England.

HSBC Bank plc is the company's direct controlling party and HSBC Holdings plc is the company's ultimate controlling party as defined under Financial Reporting Standards 8 'Related Party Disclosures'.

Copies of the financial statements of HSBC Bank plc and HSBC Holdings plc may be obtained from 8 Canada Square, London E14 5HQ ([www.hsbc.com](http://www.hsbc.com)).