

**HSBC Gibbs Treaty Limited**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2007**

**REGISTERED NO. 2185318**



**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007**

**Principal activities**

The principal activity of the Company is that of introducing agent for an insurance broker. 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 income statement shown in these accounts.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2007 (2006 £4,722,886).

**Directors**

The Directors who served during the year were as follows

Name	Appointed	Resigned
P W Bumpstead		27 November 2007
J Cabourne		30 October 2007
A M M Dixon		31 May 2007
C A Ranger	31 May 2007	
M W Speed		
K J Walker		30 June 2007

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 1985 and 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.

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007****Financial Instruments**

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to risks, as required under the Companies Act are set out in Note 13 of the Notes to the Financial Statements

**Supplier payment policy**

The Company subscribes to the Better Payment Practice Code, the four principles of which are to agree payment terms at the outset and stick to them, to explain payment procedures to suppliers, to pay bills in accordance with any contract agreed with the supplier or as required by law, and to tell suppliers without delay when an invoice is contested and settle disputes quickly. Copies of, and information about, the Code are available from BERR Publications Orderline, Admail 528, London SW1W 8YT

During the year, the Company only received goods and services from group undertakings. Part VI of Schedule 7 of the Companies Act 1985, setting out reporting requirements in relation to the policy and practice on payment of creditors is, therefore, not applicable

**Disclosure of information to auditors**

Each person who is a Director at the date of approval of this report confirms that so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and the director has taken all the steps that he 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 Company's auditor is aware of that information. This confirmation is given pursuant to section 234ZA of the UK Companies Act 1985 and should be interpreted in accordance therewith

**Auditors**

In accordance with section 384 of the Companies Act (as amended), a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2007****Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities, is made with a view to distinguishing for the shareholder the respective responsibilities of the Directors and of the auditors in relation to the financial statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws.

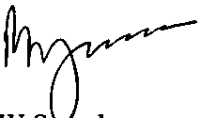
The financial statements are required by law to present fairly the financial position and the performance of the Company. The Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 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.

By order of the Board



M W Speed

Director

Date 8 October 2008

**Registered Office:**

8 Canada Square  
London  
E14 5HQ

**REGISTERED NO. 2185318**

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF HSBC GIBBS TREATY LIMITED**

We have audited the financial statements of HSBC Gibbs Treaty Limited for the year ended 31 December 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Recognised Income and Expense and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF HSBC GIBBS TREATY LIMITED  
(CONTINUED)**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

*KPMG Audit Plc*

**KPMG Audit Plc**  
*Chartered Accountants*  
*Registered Auditor*

8 Salisbury Square  
London  
EC4Y 8BB

Date *21 October* 2008

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £	2006 £
Revenue	1(b)/2	13,906,997	15,201,305
Other expenses	3	(12,942,506)	(9,949,626)
<b>Operating profit before financing income</b>		<b>964,491</b>	<b>5,251,679</b>
Financial income	5	1,069,797	912,469
Financial expense	5	-	(764)
<b>Net financing income</b>		<b>1,069,797</b>	<b>911,705</b>
<b>Profit before tax</b>		<b>2,034,288</b>	<b>6,163,384</b>
Income tax	6	(682,820)	(1,912,382)
<b>Profit for the financial year</b>	10	<b>1,351,468</b>	<b>4,251,002</b>
<b>Attributable to:</b>			
Equity holders of the Company		1,351,468	4,251,002

**STATEMENT OF RECOGNISED INCOME AND EXPENSE  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	2007 £	2006 £
Net income recognised directly in equity	-	-
Profit for the year	1,351,468	4,251,002
<b>Total recognised income and expense for the period</b>	<b>1,351,468</b>	<b>4,251,002</b>
<b>Attributable to:</b>		
Equity holders of the Company	1,351,468	4,251,002

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 £	2006 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Deferred tax assets	7	37,118	16,538
<b>Total non-current assets</b>		<b>37,118</b>	<b>16,538</b>
<b>Current assets</b>			
Trade and other receivables	8	1,571,936	937,481
<b>Total current assets</b>		<b>1,571,936</b>	<b>937,481</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Income tax payable		(255,086)	(951,519)
<b>Total current liabilities</b>		<b>(255,086)</b>	<b>(951,519)</b>
<b>Net current assets</b>		<b>1,316,850</b>	<b>(14,038)</b>
<b>Total assets less current liabilities</b>		<b>1,353,968</b>	<b>2,500</b>
<b>Equity</b>			
Issued share capital	9	2,500	2,500
Retained earnings	10	1,351,468	-
<b>Attributable to:</b>			
Equity holders of the Company		1,353,968	2,500

The financial statements were approved by the Board of Directors on 8 October 2008

  
M W SPEED

Director



**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 £	2006 £
<b>Cash flow from operating activities</b>			
Profit for the year		1,351,468	4,251,002
<b>Adjustments for:</b>			
Financial income	5	(1,069,797)	(912,469)
Financial expense	5	-	764
Taxation	6	682,820	1,912,382
<b>Operating profit before changes in working capital and provisions</b>		964,491	5,251,679
 (Increase)/decrease in trade and other receivables	8	(634,455)	(937,481)
(Decrease) in trade and other payables		-	(462,050)
<b>Cash generated from operations</b>		330,036	3,852,148
 <b>Cash flows from operating activities:</b>			
Income tax paid		(1,399,833)	(40,967)
<b>Net cash from operating activities</b>		(1,069,797)	3,811,181
 <b>Cash flows from investing activities</b>			
Interest received	5	1,069,797	912,469
<b>Net cash from investing activities</b>		1,069,797	912,469
 <b>Cash flows from financing activities</b>			
Interest paid	5	-	(764)
Dividends paid	10	-	(4,722,886)
<b>Net cash from financing activities</b>		-	(4,723,650)
 <b>Net increase in cash and cash equivalents</b>		-	-
Cash and cash equivalents at 1 January		-	-
<b>Cash and cash equivalents at 31 December</b>		-	-

**NOTES TO FINANCIAL STATEMENTS****1. ACCOUNTING POLICIES**

HSBC Gibbs Treaty Limited is a company incorporated in Great Britain and registered in England & Wales. The address of its registered office is 8 Canada Square, London, E14 5HQ.

The company's principal activity is that of introducing agent for an insurance broker.

**(a) Basis of preparation****(i) Statement of Compliance**

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS")

**(ii) Basis of measurement**

The financial statements have been prepared on the historical cost basis.

**(iii) Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

**b) Revenue**

Revenue represents net retained brokerage and fees in respect of general insurance broking.

Fee income is recognised in accordance with performance of the terms of the contractual arrangements with the client.

## NOTES TO FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES (CONTINUED)

#### (b) Revenue (continued)

Brokerage income is recognised when the client has confirmed their order and the underwriters have confirmed their agreement to underwrite the given policy. This will normally be the later of the date of the policy inception and the date that the debit note is raised. In its role as an insurance broker the Company may accept a contractual obligation to specified third parties to provide certain services, in the future, in connection with insurance policies it has placed on behalf of those third parties. In this respect the Company may make a commitment to incur costs in fulfilling such obligations. To the extent that such contractual obligations are material, a suitable proportion of income is deferred and recognised over the life of the relevant contracts to ensure that revenue appropriately reflects the cost of fulfilment of those obligations.

Adjustments to brokerage on return and additional premiums are recognised when they arise as it is not possible to make a reasonably accurate estimate of such adjustments at inception.

#### (c) Foreign currency

Foreign currency balances in respect of business settled in those currencies are translated at the closing rates of exchange on the balance sheet date.

Commission received in foreign currency is translated at the rate of exchange ruling on the later of either when the premium is charged to the client, or the inception date of the policy.

Differences arising from translation and conversion of amounts in foreign currencies are dealt with in the Income Statement.

#### (d) Net financing income

Net financing income comprises interest payable and interest receivable. Interest payable and interest receivable are recognised in the Income Statement as they accrue.

#### (e) Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

NOTES TO FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

(e) **Taxation (continued)**

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(f) **Financial Instruments**

Financial instruments comprise trade and other receivables.

Financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Purchases and sales of financial assets are accounted for at the trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are de-recognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions. Notwithstanding these legal relationships, debtors and creditors arising from insurance broking transactions are shown as assets and liabilities because they provide the insurance broker with access to future economic benefits.

Financial instruments are measured at amortised cost less any impairment losses.

(g) **Impairment**

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. An impairment is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(h) **Change in accounting policies**

There are no changes in accounting policies arising from new and revised IFRSs that are first effective in the year ended 31 December 2007 which have had a significant impact on the Company. "IFRS7 Financial Instruments: Disclosures" has not had any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

NOTES TO FINANCIAL STATEMENTS

2. REVENUE

The analysis of turnover by geographical area is as follows

	2007 £	2006 £
United Kingdom	4,337,830	5,143,196
Rest of Europe	5,489,130	6,021,705
North America	101,341	60,403
Other	3,978,696	3,976,001
	13,906,997	15,201,305

3. PROFIT BEFORE TAX

Profit before tax is stated after charging the following within expenses

	2007 £	2006 £
Auditors' remuneration - for audit work	3,500	2,977

All of the company's operating expenses have been paid for and then recharged to the company by the company's immediate parent company (see note 12)

4. REMUNERATION OF DIRECTORS

A M M Dixon and C A Ranger were employed and remunerated by a parent undertaking Details of other directors' emoluments are given below

	2007 £	2006 £
Directors' emoluments	1,575,522	860,173
	1,575,522	860,173

Directors' remuneration is charged to the Company by means of a management charge from its immediate parent company, HSBC Insurance Brokers Limited

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director in 2007 was £640,675 (2006 £305,733) The accrued pension at year end under the defined benefit scheme for the highest paid director in the year was £73,667 (2006 £28,125)

	2007 Number	2006 Number
Retirement benefits are accruing to the following number of directors under defined benefit schemes	4	4
The number of directors who exercised rights to sell shares under shareholders agreements was	0	4
The number of directors who exercised rights to sell shares was	4	4

NOTES TO FINANCIAL STATEMENTS

5. FINANCIAL INCOME AND EXPENSE

	2007 £	2006 £
Interest income		
Third parties	161	-
Group companies	1,069,636	912,469
<b>Total financial income</b>	<b>1,069,797</b>	<b>912,469</b>
Interest payable	-	(764)
<b>Total financial expense</b>	<b>-</b>	<b>(764)</b>
<b>Net financing income</b>	<b>1,069,797</b>	<b>911,705</b>

6. TAXATION

	2007 £	2006 £
<b>Current tax expense</b>		
Current year	703,396	1,928,054
Adjustments for prior periods	4	866
<b>Total current tax</b>	<b>703,400</b>	<b>1,928,920</b>
<b>Deferred tax expense</b>		
Adjustments in respect of rate change	1,470	-
Origination and reversal of temporary differences	(22,050)	(16,538)
<b>Total tax in income statement</b>	<b>682,820</b>	<b>1,912,382</b>
<b>Reconciliation of effective tax rate</b>		
Profit before tax	2,034,288	6,163,384
Tax using the UK corporation tax rate of 30%	610,286	1,849,015
Permanent differences in respect of disallowed expenses	71,060	62,501
Adjustments in respect of rate change	1,470	-
Adjustments to current tax in respect of prior years	4	866
<b>Total tax in income statement</b>	<b>682,820</b>	<b>1,912,382</b>

The 2007 Finance Act reduction in the UK corporation tax rate from 30 per cent to 28 per cent, enacted in 2007 but commencing in 2008, resulted in a one off re-measurement of deferred tax assets. It gave rise to a debit to HSBC Gibbs Treaty's tax charge of £1,470.

NOTES TO FINANCIAL STATEMENTS

7. DEFERRED TAX

Deferred tax assets and liabilities are attributable to the following

	2007 £	2006 £
At 1 January	16,538	-
Deferred tax on unfunded pension liabilities	22,050	16,538
Adjustments in respect of rate change	(1,470)	-
At 31 December	37,118	16,538
<b>Deferred income tax assets</b>		
Unfunded pension liabilities	37,118	16,538
<b>Total deferred income tax assets</b>	37,118	16,538

8. TRADE AND OTHER RECEIVABLES

	2007 £	2006 £
Amounts owed by parent	1,571,936	937,481
	1,571,936	937,481

9. SHARE CAPITAL

	2007 £	2006 £
<b>Authorised:</b>		
2,500 ordinary shares of £1 each	2,500	2,500
<b>Issued:</b>		
Share capital allotted, called up and fully paid		
2,500 ordinary shares of £1 each	2,500	2,500

NOTES TO FINANCIAL STATEMENTS

10. CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

	Share Capital	Retained Earnings	Total Equity
	£	£	£
Balance at 1 January 2006	2,500	471,884	474,384
Total recognised income and expense	-	4,251,002	4,251,002
Dividends paid to shareholders	-	(4,722,886)	(4,722,886)
Balance at 31 December 2006	2,500	-	2,500
Balance at 1 January 2007	2,500	-	2,500
Total recognised income and expense	-	1,351,468	1,351,468
Balance at 31 December 2007	2,500	1,351,468	1,353,968

11. DIVIDENDS

During the year no dividend (2006 £4,722,886, £1,889 per share) was paid

12. RELATED PARTY TRANSACTIONS

Identity of related parties

The Company has a related party relationship with its immediate parent, HSBC Insurance Brokers Limited, and with its directors

Transactions with directors

All information regarding directors' remuneration is provided in note 4 Directors' interests are detailed in the Directors' Report



NOTES TO FINANCIAL STATEMENTS

12. RELATED PARTY TRANSACTIONS (CONTINUED)

**Other related party transactions.**

The parent company of the Company is HSBC Insurance Brokers Limited. The Company receives the full amount of commission income from and has all of its expenditure and taxes paid for and recharged to it at cost by the parent company. During the year the Company received income of £13,906,997 (2006 £15,201,305) and was charged expenses of £12,942,506 (2006 £9,949,626) via its parent. Included within these expenses was a management charge of £1,529,770 (2006 £879,626) made by the parent company in respect of management and administration services. At 31 December 2007 the amount owed by the parent company to the Company was £1,571,936 (2006 £937,481).

13. FINANCIAL INSTRUMENTS AND RISKS

The company's risk management objectives and policies aim to mitigate specific financial risks where there is a possibility that any financial risk may lead to material changes in the company's financial performance, position or cash flow.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers. All of the Company's income and costs are received and paid via its immediate parent, HSBC Insurance Brokers Limited. There is potential exposure to credit risk on insurance balances held by the Company's parent but pertaining to the Company's own income.

The Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring funded credit over a suitably certain amount. Given their high credit ratings, management does not expect any counterparty to fail to meet its obligations.

**Impairment losses**

The principal activity of the Company is that of an introducing agent for its immediate parent, a general insurance broker. As explained in note 14, the Company is recharged for all expenditure that relates to the operation of its business. This charge includes any costs that relate to the impairment of receivables held by the parent in relation to the business introduced by the Company.

The credit risk on these receivable balances therefore rests with the Company. The ageing of the related receivables and associated provision for impairment held by the parent are as follows:

NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL INSTRUMENTS (CONTINUED)

	2007		2006	
	Net trade debtors gross of impairment	Provision for impairment	Net trade debtors gross of impairment	Provision for impairment
	£	£	£	£
Not past due	5,475,224		2,992,104	
Past due 0-30 days	772,535		1,190,541	
Past due 31-60 days	589,980		1,889,750	
Past due 61-90 days	173,408		858,306	
Past due 91-365 days	9,625,966		3,198,375	
More than one year	10,744,628	67,227	8,479,771	67,227
<b>Total</b>	<b>27,411,741</b>	<b>67,227</b>	<b>18,608,847</b>	<b>67,227</b>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows

	2007	2006
	£	£
Balance at 1 January	67,227	289,685
Utilisation, release, or increase in allowance for impairment	-	(222,458)
Balance at 31 December	67,227	67,227

The Company does not hold significant financial assets that would otherwise be past due but not impaired

**Foreign Currency Risk**

There is no currency risk as all assets and liabilities, including those due from/to the company's immediate parent, are denominated in Pounds Sterling

**Interest Rate Risk**

The company has no contractually determined cash flows and so interest rate risk is minimal and no hedging techniques are employed

NOTES TO THE FINANCIAL STATEMENTS

13. FINANCIAL INSTRUMENTS (CONTINUED)

**Capital Management Risk**

The HSBC group-wide approach to capital management is driven by its strategy and organisational requirements, taking into account the regulatory and commercial environment in which it operates

The capital structure of the Company at the balance sheet date is constituted as follows

	2007 £'000	2006 £'000
Share capital	2,500	2,500
Retained earnings	-	1,351,468
<b>Total</b>	<b>2,500</b>	<b>1,353,968</b>

14. HOLDING COMPANIES

The Company's ultimate holding company is HSBC Holdings plc, which is incorporated in Great Britain and registered in England and Wales

The parent company of the smallest group of which the Company is a member and for which group accounts are prepared is that headed by HSBC Insurance Brokers Limited, which is registered in England and Wales. The financial statements of HSBC Insurance Brokers Limited are available from 8 Canada Square, London E14 5HQ

The largest 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 from 8 Canada Square, London E14 5HQ