

ASSETFINANCE SEPTEMBER (H) LIMITED

FINANCIAL STATEMENTS

13 SEPTEMBER 2004 TO 30 SEPTEMBER 2005



ASSETFINANCE SEPTEMBER (H) LIMITED

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ASSETFINANCE SEPTEMBER (H) LIMITED
DIRECTORS' REPORT FOR THE PERIOD 13 SEPTEMBER 2004 TO
30 SEPTEMBER 2005

Principal activities

The company was incorporated on 13 September 2004 and commenced trading on 20 September 2004. On 13 September 2004 the company issued 100 £1 Ordinary shares at par. On 7 July 2005 part of the trade and assets of Assetfinance September (B) Limited were transferred to the company. The company undertakes leasing services for commercial and industrial customers in the public and private sectors. No change in the company's activities is anticipated.

Results and dividends

The company's results for the period under review are as detailed in the profit and loss account shown in these accounts.

The directors recommend the payment of a dividend of £32,184 for the period ended 30 September 2005.

Directors

The directors who served during the period were as follows:

Name	Appointed	Resigned
R L H Bencard	14 March 2005	
D H Mead		
G Owen-Conway	14 March 2005	
D R Turner		
N J L Wilkinson		14 March 2005

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. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the directors.

Directors' interests

The terms of a number of Employee Benefit Trusts provide that all employees of HSBC Holdings plc and any of its subsidiary undertakings are potential beneficiaries of the Trusts. As potential beneficiaries of the Trusts, each director of the company is deemed to have a technical interest in all of the HSBC Holdings plc ordinary shares of US\$0.50 each held by the Trusts. At 30 September 2005 the Trusts held a total of 132,703,505 ordinary shares of US\$0.50 each (1 October 2004: 125,869,690).

None of the directors at 30 September 2005 had any other interests in the shares of the company or in the securities of any other company in the group of which it is a member, required to be disclosed under the Companies Act 1985.

ASSETFINANCE SEPTEMBER (H) LIMITED
DIRECTORS' REPORT FOR THE PERIOD 13 SEPTEMBER 2004 TO
30 SEPTEMBER 2005 (CONTINUED)

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 is available from: The Department of Trade and Industry, No. 1 Victoria Street, London SW1H 0ET.

During the period, 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.

Statement of directors' responsibilities in relation to financial statements

The following statement, which should be read in conjunction with the auditors' statement of their responsibilities set out in their report on page 3, 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 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.

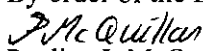
The directors consider that in preparing the financial statements, the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and that all accounting standards which they consider to be applicable have been followed.

The directors have taken reasonable steps to ensure that they are aware of any relevant audit information and to ensure that the company's auditors are aware of this information. So far as the directors are aware, there is no relevant audit information which has not been disclosed to the company's auditors.

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


Pauline L. McQuillan

Secretary

Date: 13 July 2006

Registered Office:
8 Canada Square
London. E14 5HQ

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF ASSETFINANCE SEPTEMBER (H) LIMITED

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

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 2, 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 at 30 September 2005 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

17/7/06

KPMG Audit Plc
Chartered Accountants
Registered Auditor
2 Cornwall Street
Birmingham
B3 2DL

ASSETFINANCE SEPTEMBER (H) LIMITED
PROFIT AND LOSS ACCOUNT FOR THE PERIOD 13 SEPTEMBER
2004 TO 30 SEPTEMBER 2005

	Note	Period ending 30 September 2005 £
Turnover		247,077
Administrative expenses	2	(2,854)
Interest payable	3	(198,245)
<u>Profit on ordinary activities before taxation</u>		45,978
Tax charge on profit on ordinary activities	4	(13,794)
<u>Profit on ordinary activities after taxation</u>		32,184
Dividend payable		(32,184)
<u>Retained for the financial period and carried forward</u>		-

The company commenced trading on 20 September 2004.

There were no discontinued operations during the period.

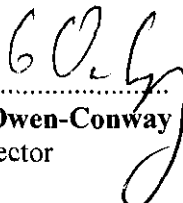
On 7 July 2005 part of the trade and assets of Assetfinance September (B) Limited were transferred to the company.

There have been no other recognised gains or losses other than the profit for the financial period as stated above.

ASSETFINANCE SEPTEMBER (H) LIMITED
BALANCE SHEET AS AT 30 SEPTEMBER 2005

	Note	<u>2005</u> £
Current assets		
Debtors: amounts falling due within one year		
Lease agreements	5	2,438,752
Debtors: amounts falling due after one year		
Lease agreements	5	13,671,357
		<u>16,110,109</u>
Creditors: amounts falling due within one year:		
Amounts owed to parent undertakings		11,188,232
Value added tax		2,046
Dividend payable		32,184
		<u>11,222,462</u>
Net current assets		4,887,647
Provisions for liabilities and charges	6	<u>4,887,547</u>
NET ASSETS		<u>100</u>
Capital and reserves		
Called up share capital	8	100
Profit and loss account		-
		<u>100</u>

These financial statements were approved by the Board of Directors on 13 July 2006 and were signed on its behalf by:



G Owen-Conway
 Director

ASSETFINANCE SEPTEMBER (H) LIMITED

NOTES ON 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 preparation

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

In accordance with Financial Reporting Standard Number 1 "Cash Flow Statements", 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.

The company has taken advantage of the exemption in paragraph 3(c) of Financial Reporting Standard Number 8 "Related Party Disclosures" and has not disclosed details of transactions with entities that are part of the HSBC Group or with investees of that Group qualifying as related parties.

The company has complied with the Statement of Recommended Practice on Accounting Issues in the Asset Finance and Leasing Industry, issued by the Finance & Leasing Association.

The principal activity of the company is the provision of leasing services for commercial and industrial customers in the public and private sectors.

b) Income Release

Income from leasing contracts is credited to the profit and loss account in proportion to the funds invested.

Leasing balances are stated in the balance sheet after the deduction of unearned charges and provision for reduced future rentals.

c) Deferred taxation

Deferred tax is recognised in full on timing differences between the accounting and taxation treatment of income and expenditure, subject to recoverability of deferred tax assets. Deferred tax balances are not discounted.

d) Turnover

Turnover represents the amounts (excluding Value Added Tax) derived from finance leases. This business is operated entirely within the United Kingdom.

2. ADMINISTRATIVE EXPENSES

Administrative expenses include movements in bad debts and £2,574 in respect of group management charges. The directors made no charge for their services. Audit fees are borne by another group undertaking.

ASSETFINANCE SEPTEMBER (H) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

3. **INTEREST PAYABLE**

All interest payable was due to parent undertakings.

4. **TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	<u>Period ending</u> <u>30 September</u> <u>2005</u> £
The charge for taxation comprises:	
Group relief payable	
- current tax on income for the period	163,276

Total current tax	163,276
Deferred taxation	
- Reversal of timing differences (Note 6)	(149,482)
Total tax charge on profit on ordinary activities	----- 13,794 -----

The current tax charge for the period is different from the standard rate of corporation tax in the UK of 30%. The differences are explained below.

	<u>Period ending</u> <u>30 September</u> <u>2005</u> £
Current tax reconciliation	
Profit on ordinary activities before tax	45,978

Expected current tax at 30%	13,794
Effects of:	
Leasing transactions timing differences	149,482

Total current tax charges (see above)	163,276 -----

ASSETFINANCE SEPTEMBER (H) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

5. **DEBTORS**

Lease agreements:

During the period assets valued at £214,699 were acquired for use in finance lease agreements.

During the period finance lease debtors valued at £16,837,517 were transferred from other group undertakings.

Aggregate finance lease rentals receivable in the financial period were £838,432.

6. **PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation £
Leasing transactions timing differences:	
Transfer to profit and loss account (Note 4)	(149,482)
Transfer from other group undertakings	5,037,029

As at 30 September 2005	4,887,547

Leasing transaction timing differences relate principally to accelerated capital allowances.

7. **RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2005 £
Profit on ordinary activities after taxation	32,184
Dividend payable	(32,184)

Retained for the financial year	-
Share capital issued during the period	100

Closing shareholders' funds	100

Shareholders' funds are wholly attributable to equity shareholders.

ASSETFINANCE SEPTEMBER (H) LIMITED
NOTES ON THE FINANCIAL STATEMENTS

8. **SHARE CAPITAL**

	<u>2005</u>
	£
Authorised	
100 Ordinary shares of £1 each	100

Allotted, called up and fully paid	
100 Ordinary shares of £1 each	100

On 13 September 2004 the company issued 100 £1 Ordinary shares at par.

9. **PARENT UNDERTAKINGS**

The ultimate parent undertaking (which is the ultimate controlling party) and the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the company is a member is HSBC Holdings plc, and the parent undertaking of the smallest such group is HSBC Bank plc. The immediate holding company is Assetfinance Limited. The result of the company is included in the group financial statements of HSBC Bank plc and HSBC Holdings plc.

Copies of the group financial statements may be obtained from the following addresses:

HSBC Bank plc
8 Canada Square
London
E14 5HQ

HSBC Holdings plc
8 Canada Square
London
E14 5HQ