

**Midcorp Limited**

Registered No: 585756

**Annual Report and Financial Statements for the year ended 31 December 2019**

---

THURSDAY



\*A9AU59PU\*

A22

06/08/2020

#287

COMPANIES HOUSE



**HSBC**

# **Midcorp Limited**

## **Annual Report and Financial Statements for the year ended 31 December 2019**

---

### **Contents**

Strategic Report.....	1
Report of the Directors .....	3
Independent Auditors' report to the members of Midcorp Limited .....	5
Income statement .....	8
Statement of comprehensive income .....	8
Balance sheet .....	9
Statement of cash flows.....	10
Statement of changes in equity .....	11
Notes on the financial statements.....	12

## **Midcorp Limited**

### **Strategic Report**

---

#### **Principal activities**

Midcorp Limited's (the 'Company') principal activity is to act as an investment holding company.

The Company is a private limited company domiciled and incorporated in the United Kingdom and registered in England and Wales.

The Company is limited by shares.

#### **Section 172 statement**

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

As a Group, HSBC considers its stakeholders to be the people who work for us, bank with us, own us, regulate us and live in the societies we serve. The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values, and operate the business in a sustainable way.

As a non-trading, intermediate holding company, the principal stakeholder of the Company is the Company's parent entity. The principal decision taken by the Company during the year was the declaration of a dividend. In making the decision, the Board took into consideration the profits available for distribution, the dividend policy, the capital position, the long-term interests of the Company and the interests of the Group as a whole.

#### **Performance**

The Company's results for the year under review are as detailed in the income statement shown on page 8 of the financial statements.

The Company received dividend income of £125,802k (2018: nil) from its subsidiary Griffin International Limited and £4,199k (2018: nil) from its subsidiary HSBC Europe B.V.

#### **Key performance indicators**

As the Company is managed as part of a global bank, there are no key performance indicators that are specific to the Company. The key performance indicators are included in the annual report of HSBC Bank plc. Ongoing review of performance of the Company is carried out by comparing actual performance against annually set budgets.

## **Midcorp Limited**

### **Independent Auditors' report to the members of Midcorp Limited**

---


#### **Principal risks and uncertainties**

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 11 of the financial statements.

Following the referendum on 23 June 2016, the UK took the decision to leave the European Union ('EU') with the process of leaving the EU commencing on 29 March 2018. The UK left the EU on 31 January 2020 and entered into a transition period until 31 December 2020, during which negotiations will take place on the future relationship between the UK and the EU. At this stage, the ultimate economic effect of UK leaving the EU is currently uncertain and will depend upon the outcome of negotiations between the UK government, the EU and non-EU countries. In the meantime this uncertainty is expected to result in market risk volatility in the short to medium term including sterling exchange rates and interest rates. As described in Note 11, foreign exchange and interest rate risks are managed by the Company in the ordinary course of business and so any increased volatility as a result of UK leaving the EU is not expected to have a material effect on the results and net assets of the Company. Additionally, any general adverse consequences for credit risk at a UK or EU macro-economic level that may arise as a consequence of UK leaving the EU is not expected to translate into a material increase in credit risk for the Company given the nature of the Company's transactions, its counterparties and available security.

In addition to the above, since early January 2020, the COVID-19 outbreak has spread across the globe and has been classified by the World Health Organisation as a Pandemic. This is causing ongoing global disruption to business and economic activity, and is resulting in substantial and substantive government and central banks relief actions and support measures in many countries to protect their economies. Whilst it cannot be predicted how long the disruption will continue or the full extent of the impact on the Company, the COVID-19 outbreak is not considered to have a significant impact on the principal risks facing the Company.

On behalf of the Board



P J Reid  
Director

Dated: 26 June 2020

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

## Midcorp Limited

### Report of the Directors

---

#### Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows :

Name	Appointed	Resigned
P A Alvey		
R K Gopaul		26 July 2019
P J Reid		
C P Davies		
J Fleurant	26 July 2019	

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 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

Dividends of £130,000k were declared and paid to its parent HSBC Bank plc during the year ended 31 December 2019 (2018: nil)

#### Significant events since the end of the financial year

Since early January 2020, the COVID-19 outbreak has spread across the globe and has been classified by the World Health Organisation as a Pandemic. This is causing ongoing global disruption to business and economic activity, and is resulting in substantial and substantive government and central banks relief actions and support measures in many countries to protect their economies. Whilst it cannot be predicted how long the disruption will continue or the full extent of the impact on the Company, the COVID-19 outbreak is not considered to have a significant impact on the principal risks facing the Company.

The COVID-19 outbreak represents a non-adjusting post balance sheet event and therefore it remains appropriate that the measurement of the Company's assets and liabilities as at 31 December 2019 reflects only the conditions that existed at that date.

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

#### Future developments

No changes in the Company's activities is expected.

#### Going concern basis

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Company 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 the COVID-19 outbreak referred to above, together with future projections of profitability, cash flows and capital resources.

#### Financial risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks are set out in Note 11 of the financial statements.

#### Capital management

The Company is not subject to externally imposed capital requirements and is dependent on the HSBC Group to provide necessary capital resources which are therefore managed on a group basis.

## **Midcorp Limited**

### **Report of the Directors**

---

The Company defines capital as total 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 both no changes to the Company's approach to capital management during the year.

#### **Independent auditors**

PricewaterhouseCoopers LLP ('PwC') are external independent auditors to the Company. PwC has expressed its willingness to continue in office and the Board recommends that PwC be re-appointed as the Company's independent auditors.

#### **Statement of Directors' Responsibilities in respect of the financial statements**

The following statement, which should be read in conjunction with the auditor's statement of their responsibilities set out in their report on page 6, is made with a view to distinguish the respective responsibilities of the Directors and of the auditors in relation to 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 the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union 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 Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Directors' confirmations**

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board



P J Reid  
Director

Dated: 26 June 2020

Registered Office  
8 Canada Square  
London E14 5HQ  
United Kingdom

## **Midcorp Limited**

### **Independent Auditors' report to the members of Midcorp Limited**

---

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, Midcorp Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs as adopted by the European Union; 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 for the year ended (the "Annual Report"), which comprise: Income statement for the year ended 31 December 2019, Statement of comprehensive income for the year ended 31 December 2019, Balance sheet at 31 December 2019, Statement of cash flows for the year ended 31 December 2019, Statement of changes in equity for the year ended 31 December 2019; the Summary of significant accounting policies; and the notes to the financial statements.

##### **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 company 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**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

##### **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 on, 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.

## **Midcorp Limited**

### **Independent Auditors' report to the members of Midcorp Limited**

---

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

#### *Strategic Report and Report of the Directors*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 December 2019 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 company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

#### **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 company'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 company or to cease operations, or have no realistic alternative but to do so.

##### *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.

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](http://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 company'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.



**Midcorp Limited**

**Independent Auditors' report to the members of Midcorp Limited**

---

**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 received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, 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.



Harry Armour (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London.

Dated: 26 June 2020

**Midcorp Limited**  
**Financial statements**

**Income statement for the year ended 31 December 2019**

		2019	2018
	<i>Notes</i>	£'000	£'000
Dividend income .....		130,001	-
<b>Profit before tax .....</b>		<b>130,001</b>	<b>-</b>
Tax	5	-	-
<b>Profit for the year .....</b>		<b>130,001</b>	<b>-</b>

**Statement of comprehensive income for the year ended 31 December 2019**

There has been no comprehensive income or expense other than the profit for the year as shown above (2018: nil).

**Midcorp Limited**  
**Financial statements**

**Balance sheet as at 31 December 2019**

	Notes	2019 £'000	2018 £'000
<b>Assets</b>			
Cash and cash equivalents .....	6	4,275	4,274
Investments in subsidiaries .....	7	156,648	156,648
Total assets .....		<u>160,923</u>	<u>160,922</u>
<b>Equity</b>			
Called up share capital .....	8	-	-
Retained earnings .....		160,923	160,922
Total equity .....		<u>160,923</u>	<u>160,922</u>

The accompanying notes on pages 12 to 19 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 26 June 2020 and were signed on its behalf by:



P J Reid  
Director

Company Registration No: 585756

**Midcorp Limited**  
**Financial statements**

---

**Statement of cash flows for the year ended 31 December 2019**

	2019 £'000	2018 £'000
<b>Cash flows from operating activities</b>		
Profit before tax .....	130,001	-
Net cash generated from operating activities .....	130,001	-
<b>Cash flows from financing activities</b>		
Dividends paid .....	(130,000)	-
Net cash used in financing activities .....	(130,000)	-
<b>Net increase in cash and cash equivalents .....</b>	<b>1</b>	<b>-</b>
Cash and cash equivalents brought forward .....	4,274	4,274
Cash and cash equivalents carried forward .....	4,275	4,274

**Midcorp Limited**  
**Financial statements**

**Statement of changes in equity for the year ended 31 December 2019**

	Called up share capital	Retained earnings	Total equity
2019	£'000	£'000	£'000
At 1 January 2019.....	-	160,922	160,922
Profit for the year .....	-	130,001	130,001
Total comprehensive income for the year	-	130,001	130,001
Dividends to shareholders .....	-	(130,000)	(130,000)
At 31 December 2019.....	-	160,923	160,923

	Called up share capital	Retained earnings	Total equity
2018	£'000	£'000	£'000
At 1 January 2018.....	-	160,922	160,922
Profit for the year .....	-	-	-
Total comprehensive income for the year	-	-	-
Dividends to shareholders .....	-	-	-
At 31 December 2018.....	-	160,922	160,922

**Dividend per share**

Dividend per ordinary share for the year was £43,333,333 (2018: nil).

Equity is wholly attributable to ordinary shareholders of Midcorp Limited.

## **Midcorp Limited**

### **Notes on the Financial Statements**

---

#### **1 Basis of preparation and significant accounting policies**

---

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards ('IFRSs'). The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all of the years presented, unless otherwise stated.

##### **1.1 Basis of preparation**

###### **(a) Compliance with International Financial Reporting Standards**

The financial statements of the Company have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board ('IASB'), including interpretations issued by the IFRS Interpretations Committee, and as endorsed by the European Union ('EU').

At 31 December 2019, there were no unendorsed standards effective for the year ended 31 December 2019 affecting these financial statements and the Company's application of IFRSs results in no differences between IFRSs as issued by the IASB and IFRSs as endorsed by the EU.

###### **(b) Future accounting developments**

Minor amendments to IFRSs

The IASB published a number of minor amendments to IFRSs which are effective from 1 January 2020, some of which have been endorsed for use in the EU. The Company expects they will have an insignificant effect, when adopted, on the financial statements of the Company.

Major new IFRSs

There are no new IFRSs published by the IASB which are effective from 1 January 2020 that are expected to have a significant impact on the financial statements of the Company.

###### **(c) Foreign currencies**

Transactions in foreign currencies are recorded at the rate of exchange on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet date except non-monetary assets and liabilities measured at historical cost that are translated using the rate of exchange at the initial transaction date. Exchange differences are included in other comprehensive income or in the income statement depending on where the gain or loss on the underlying item is recognised.

###### **(d) Presentation of information**

The functional currency of the Company is sterling, which is also the presentational currency of the financial statements of the Company.

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

The financial statements present information about the Company as an individual undertaking and not about its group. The Company is not required to prepare consolidated financial statements by virtue of the exemption conferred by Section 400 of the Companies Act 2006.

###### **(e) Critical accounting estimates and judgements**

The preparation of financial information requires the use of estimates and judgements about future conditions. In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items in 1.2 (b) as the critical accounting estimates and judgements, it is possible that the outcomes in the next financial year could differ from those on which management's estimates are based. This would result in materially different conclusions from those reached by management for the purposes of these Financial Statements.

## Midcorp Limited

### Notes on the Financial Statements

---

#### (f) Going concern

The financial statements are prepared on a going concern basis, as the Directors are satisfied that the Company 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 including the COVID-19 outbreak, together with future projections of profitability, cash flows and capital resources.

## 1.2 Summary of significant accounting policies

---

### (a) Income and expense

Non-interest income and expense

Dividend income

Dividend income is recognised when the right to receive a payment is established. This is the ex-dividend date for listed equity securities, and usually the date when shareholders approve the dividend for unlisted equity securities.

On receipt of a dividend, the Directors consider whether it represents a return on capital or a return on investment, or both. The proportion of a dividend that represents a return on capital is offset against the carrying value of the investment. The proportion that represents a return on investment is taken to the income statement.

### (b) Investments in subsidiaries

The Company classifies investments in entities in which it controls as subsidiaries. For the purpose of determining this classification, the Company is considered to have control of an entity when it is exposed, or has rights to variable returns from its involvements with the entity and has the ability to affect those returns through its power over the entity.

The Company's investments in subsidiaries are stated at cost less impairment losses and any return of capital.

#### *Critical accounting estimates and judgements*

*Investments in subsidiaries are tested for impairment when there is an indication that the investment may be impaired. Impairment testing involves significant judgement in determining the value in use, and in particular estimating the present values of cash flows expected to arise from continuing to hold the investment and the rates used to discount these cash flows.*

### (c) 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 any adjustment to tax payable in respect of previous years. The Company 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 is calculated based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

## Midcorp Limited

### Notes on the Financial Statements

---

#### (a) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are normally those with less than three months' maturity from the date of acquisition.

#### (b) Called up share capital

Shares are 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 proceeds, net of tax.

### 2 Directors' emoluments

---

None of the Directors of the Company received any emoluments in respect of their services as Directors of the Company (2018: nil). The Directors are employed by other companies within the HSBC Group and consider that their services to the Company are incidental to their other responsibilities within the HSBC Group.

### 3 Auditors' remuneration

---

Certain expenses including auditors' remuneration have been borne by a fellow group undertaking and are therefore not charged in arriving at the profit before taxation. The auditors' remuneration borne on behalf of the Company amounted to £4,200 (2018: £4,000).

There were no non-audit fees incurred during the year (2018: nil).

### 4 Employee compensation and benefits

---

The Company has no employees and hence no staff costs (2018: nil).

### 5 Tax

---

#### Tax expense

	2019 £	2018 £
Current tax		
- for this year	-	-
Total current tax	-	-
Total tax expense for the year ended 31 December	-	-

The UK corporation tax rate applying to the Company was 19% (2018: 19%).

A reduction in the main rate of UK corporation tax to 17% with effect from 1 April 2020 was enacted in the Finance (No2) Act 2016 on 6 September 2016. However, in the UK budget on 11 March 2020, it was announced that the cut in the tax rate to 17% will not occur and the UK Corporation Tax rate will instead remain at 19%.



## Midcorp Limited

### Notes on the Financial Statements

#### Tax reconciliation

The tax charged to the income statement differs to the tax expense that would apply if all profits had been taxed at the UK corporation tax rate as follows:

	2019		2018	
	£'000	%	£'000	%
Profit before tax	130,001		-	
Tax at 19% (2018: 19%)	24,700	19.0	-	-
Non taxable income and gains	(24,700)	(19.0)	-	-
Total tax charged to the income statement	-	-	-	-

#### 6 Cash and cash equivalents

	2019	2018
	£'000	£'000
Cash and cash equivalents held with other undertakings .....	4,275	4,274

#### 7 Investments in subsidiaries

	2019	2018
	£'000	£'000
Cost at 1 January .....	156,648	156,648
At 31 December .....	156,648	156,648

The principal subsidiary undertakings of the Company as at 31 December 2019 are set out below:

	Country of incorporation	Interest in equity capital %	Share class
Griffin International Limited	United Kingdom	100.00	Ordinary shares
HSBC Europe B.V.	United Kingdom	3.23	Ordinary shares

Griffin international Limited owns 96.77% of the issued ordinary shares in HSBC Europe B.V. and the Company owns 3.23% of the issued ordinary shares.

In the opinion of the Directors, the fair value of the investments is not less than the amount at which they are stated in the Balance Sheet.

Details of the Company's subsidiaries, as required under Section 409 of the Companies Act 2006 are set out in Note 16.

**Midcorp Limited**  
**Notes on the Financial Statements**

**8 Called up share capital**

	2019 £'000	2018 £'000
<b>Authorised</b>		
439,950,000 (2018: 439,950,000) ordinary shares of £1 each .....	439,950	439,950
10,050,000 (2018: 10,050,000) deferred shares of £1 each .....	10,050	10,050
4,000,000,000 (2018: 4,000,000,000) non-voting redeemable preference shares of £1 each .....	4,000,000	4,000,000
	<u>4,450,000</u>	<u>4,450,000</u>
	US \$'000	US \$'000
2,000,000,000 (2018: 2,000,000,000) non-voting redeemable preference shares of US\$1 each .....	2,000,000	2,000,000
	<u>£</u>	<u>£</u>
<b>Allotted, called and fully paid</b>		
3 ordinary shares of £1 each (2018: 3 ordinary shares of £1 each) .....	3	3

**9 Dividends**

	2019 £'000	2019 Total per share £	2018 £'000	2018 Total per share £
Ordinary shares .....	130,000	43,333,333	-	-
	<u>130,000</u>		<u>-</u>	

**10 Analysis of financial assets and liabilities by measurement basis**

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

The following table analyses the carrying amount of financial assets and liability by category and by balance sheet heading:

At 31 December 2019	Amortised cost £'000	Total £'000
<b>Assets</b>		
Cash and cash equivalents .....	4,275	4,275
	<u>4,275</u>	<u>4,275</u>

## Midcorp Limited

### Notes on the Financial Statements

At 31 December 2018	Amortised cost £'000	Total £'000
Assets		
Cash and cash equivalents .....	4,274	4,274
	<u>4,274</u>	<u>4,274</u>

#### 11 Management of financial risk

The Company has exposure to the following types of risk arising from its use of financial instruments: credit risk.

The management of all risks which are significant, together with the quantitative disclosures not already included elsewhere in the financial statements, is described in this Note.

Exposure to credit risk and liquidity risk arises in the normal course of the Company's business. The Company's risk management policies are consistent with the HSBC Group's risk management policies.

The Company participates in transactions to which other HSBC Group companies are also party. The HSBC business in which these companies reside (the 'Business') has an established risk management process which considers the risks at the outset and on an ongoing basis in relation to each transaction from the Business' perspective – this will consolidate the risks of participating companies and, as such, offsetting risks will be eliminated. To the extent there is any residual risk, management will mitigate this by implementing the appropriate instruments and these will reside in the relevant Company.

There were no changes in the Company's approach to risk management during the year.

##### Credit risk management

Credit risk is managed within the overall framework of HSBC Group policy, with an established risk management process encompassing credit approvals, the control of exposures (including those to borrowers in financial difficulty), credit policy direction to business units and the monitoring and reporting of exposures both on an individual and a portfolio basis. The Directors are responsible for the quality of the credit portfolios and follow a credit process involving delegated approval authorities and credit procedures, the objective of which is to build and maintain risk assets of high quality. Regular reviews are undertaken to assess and evaluate levels of risk concentration, including those to individual industry sectors and products. Credit risk is managed at a group level by business sector, rather than in respect of individual undertakings.

##### Maximum exposure to credit risk

	2019 £'000	2018 £'000
Cash and cash equivalents .....	<u>4,275</u>	<u>4,274</u>

##### Interest rate risk

The Company's cash balances with other group undertakings are non-interest bearing and hence there is no exposure to interest rate risk.

#### 12 Fair values

There are no material differences between the carrying value and the fair value of financial assets and liabilities as at 31 December 2018 and 31 December 2019.

**Midcorp Limited**  
**Notes on the Financial Statements**

**13 Related party transactions**

Balances with related parties

	2019		2018	
	Highest balance during the year	Balance at 31 December	Highest balance during the year	Balance at 31 December
	£'000	£'000	£'000	£'000
<b>Assets</b>				
Cash and cash equivalents <sup>1</sup>	4,275	4,275	4,274	4,274
<b>Income statement</b>			<b>2019</b>	<b>2018</b>
			£'000	£'000
Dividend income			130,001	-
Dividend paid			(130,000)	-

<sup>1</sup>These balances are held with HSBC Bank plc.

**14 Parent undertakings**

The ultimate parent undertaking and ultimate controlling party is HSBC Holdings plc which is the parent undertaking of the largest group to consolidate these financial statements. The immediate parent undertaking is HSBC Bank plc. All companies are registered in England and Wales.

The results of the Company are included in the financial statements of HSBC Holdings plc and HSBC Bank plc.

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

HSBC Holdings plc  
8 Canada Square  
London E14 5HQ  
United Kingdom  
www.hsbc.com

HSBC Bank plc  
8 Canada Square  
London E14 5HQ  
United Kingdom  
www.hsbc.com

**15 Events after the balance sheet date**

Since early January 2020, the COVID-19 outbreak has spread across the globe and has been classified by the World Health Organisation as a Pandemic. This is causing ongoing global disruption to business and economic activity, and is resulting in substantial and substantive government and central banks relief actions and support measures in many countries to protect their economies. Whilst it cannot be predicted how long the disruption will continue or the full extent of the impact on the Company, the COVID-19 outbreak is not considered to have a significant impact on the principal risks facing the Company.

The COVID-19 outbreak represents a non-adjusting post balance sheet event and therefore it remains appropriate that the measurement of the Company's assets and liabilities as at 31 December 2019 reflects only the conditions that existed at that date.

There are no other significant events after the balance sheet date.

## Midcorp Limited

### Notes on the Financial Statements

#### 16 Subsidiary undertakings

In accordance with Section 409 of the Companies Act 2006 a list of the Company's subsidiaries, the registered office address and the effective percentage of equity owned at 31 December 2019 is disclosed below.

Subsidiaries	Interest %	Footnotes
HSBC Europe B.V.	100.00	1,7
Griffin International Limited	100.00	1,7
HSBC International Holdings (Jersey) Limited ( <i>in liquidation</i> )	100.00	1,10
HSBC Bank (RR) (Limited Liability Company)	100.00	2,5
HSBC Securities Services Holdings (Ireland) DAC	100.00	1,3
HSBC Securities Services (Ireland) DAC	100.00	1,3
HSBC Custody Services (Guernsey) Limited	100.00	1,9
Banco Nominees 2 (Guernsey) Limited	100.00	1,9
Banco Nominees (Guernsey) Limited	100.00	1,9
HSBC Securities Services (Guernsey) Limited	100.00	1,9
HSBC Bank Malta plc	70.03	1,4
HSBC Life Assurance (Malta) Limited	70.03	1,8
HSBC Global Asset Management (Malta) Limited	70.03	1,8
HSBC Bank Armenia cjsc	70.00	1,6

Reference	Description of shares
1	Ordinary shares
2	Limited liability company shares

Reference	Registered offices
3	1 Grand Canal Square Grand Canal Harbour Dublin 2, D02 P820 Ireland
4	116 Archbishop Street Valletta Malta
5	2 Paveletskaya square, building 2 115054 Moscow Russia
6	66 Teryan street Yerevan 9 Armenia
7	8 Canada Square London E14 5HQ United Kingdom
8	80 Mill Street Qormi QRM 3101 Malta
9	Arnold House St Julians Avenue St Peter Port, GY1 3NF Guernsey
10	HSBC House Esplanade St. Helier JE1 1HS Jersey