



This publication is
a joint project with  **pwc**

HSBC 
Commercial Banking

Doing business in the UK



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The materials contained in this publication were assembled in March 2013 and were based on the law enforceable and information available at that time.

Executive summary

The UK's position, both geographically and in respect of business culture, puts it at the centre of a diverse collection of markets and sectors. Its open market and diversified economy present opportunities for new investors to access a domestic market and to use the location as a gateway to the rest of the world.

Based on the World Bank Doing Business survey, the UK is ranked top in Europe in terms of ease of doing business and fourth in the world. It offers a number of competitive advantages as a hub for investors to conduct their business, which can be summarised as follows:

- The UK is culturally a highly-efficient place from which to access world markets. It boasts a central time zone position, being ideally placed between the markets of the East and West, good transport infrastructure, accessibility of language and familiarity of business culture for many new investors.
- The UK is a flexible and business-minded location, historically recognised as a well-established and reputable jurisdiction in which to conduct business.

- A company can be incorporated in the UK with same day formation.

- It attracts an internationally mobile and highly-skilled workforce.

- The headline tax rate from 1 April 2013 for companies is 23%, which the government will be reducing to 21% by 2014.

- Foreign businesses coming to the UK should be aware that the accounts of all UK companies are subject to public disclosure through the Registrar of Companies.

- It has one of the largest treaty networks.

- The scope of personal taxation varies according to the length of the individual's stay in the UK and whether they are domiciled in the UK, allowing foreign nationals to arrange their tax affairs efficiently. With effect from 6 April 2013 a new statutory residence test should be introduced, providing certainty to individuals regarding their UK tax residence status. The government is also introducing a number of measures designed to prevent tax avoidance and make the reporting in the UK more transparent.

- New immigration rules introduced in 2008 mean that procedures for visiting and working in the UK have changed recently and companies should ensure that they are addressing these. Special rules are in existence for high net worth individuals and entrepreneurs investing in the UK.

The government in the UK is actively addressing opportunities for investors to come to the UK through fiscal reforms. Whilst there is a genuine drive to ensure that the UK has a simple and easy to understand legal environment in which to do business, investors still need to be aware of regulatory aspects relating to their specific sector, where appropriate. This document contains references to some common issues that investors should be aware of when operating in the UK, although specific advice on their particular circumstances should be sought.



Foreword

The UK's success in attracting Foreign Direct Investment remains undiminished. The World Investment report of 2009 places the UK capital stock of foreign direct investment at US\$1.0 trillion with only the USA recording a higher figure. This investment is due to the fundamentals of the UK economy boasting a large market, quality suppliers and outstanding support networks. In addition the UK offers a springboard for growth to global companies and those aspiring to become global.

Through its merger with Midland Bank in 1992, HSBC has had a UK presence since 1836, and now has 1,330 branches across the UK. With our headquarters in London, HSBC is one of the largest banking and financial services organisations in the world. Thanks to our global connections, we are best placed to support businesses looking to invest in the UK market.

Trading internationally expands a business' horizons, offering unique opportunities for growth, development and profit building. HSBC's experience and range of solutions across trade finance means we are ideally positioned to support

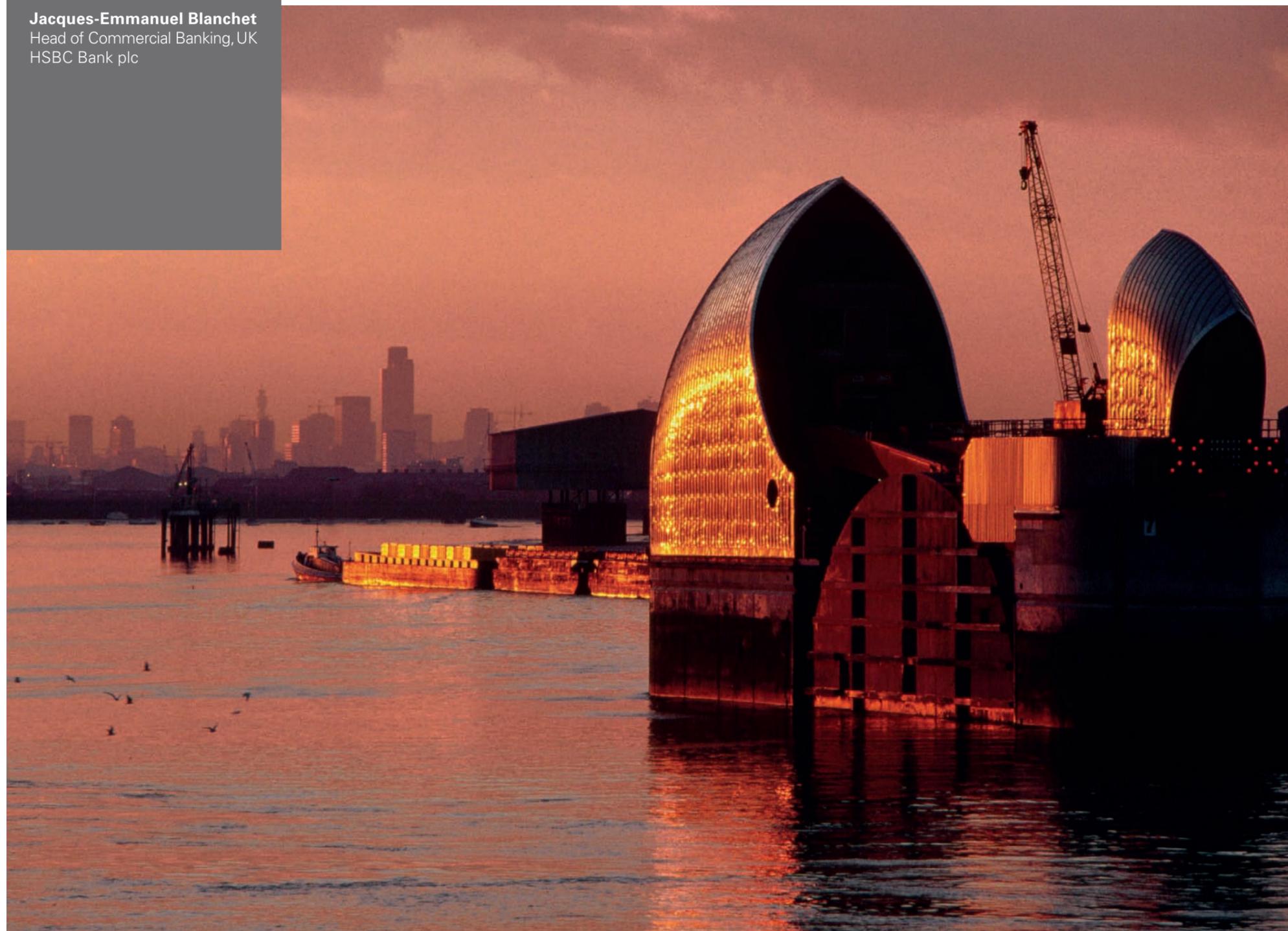
you in expanding overseas. In the UK, our strong international presence and dedicated global relationship management team can help you negotiate the forthcoming opportunities and challenges.

We hope our 'Doing business in the UK' guide will provide you with some valuable insight into the UK market. The guide has been co-written by HSBC and PricewaterhouseCoopers. Like HSBC, PwC has a strong global network and a deep understanding of the UK marketplace. Together we possess a wealth of experience and teams of local experts ready to support your ambitions in this market.

On behalf of HSBC I hope that you find this guide useful, and would like to wish you every success in the UK economy.



Jacques-Emmanuel Blanchet
Head of Commercial Banking, UK
HSBC Bank plc



Introduction

Doing business in the UK

Welcome to our guide to doing business in the UK. In this publication we hope to provide you with an insight into the key aspects of undertaking business and investing in the UK and answer many of the questions overseas businesses and entrepreneurs have when making their first venture into the UK market.

Please note that the UK refers to the United Kingdom of Great Britain and Northern Ireland and consists of three distinct jurisdictions:

- England and Wales;
- Scotland; and
- Northern Ireland.

Each of these has its own legal system. Although the three systems broadly adopt the same approach to business, there are some important distinctions and accordingly, if you are planning to set up your business in Scotland or Northern Ireland, it is important to seek expert local advice. This publication focuses on issues related to doing business in England and Wales and broadly views the UK as a single jurisdiction through which the laws of England and Wales apply.

Economic History

The UK's open market and diversified economy has traditionally provided an active base for overseas investors and businesses. It has a long and successful history of trade with the rest of the world. In the current economic climate, overseas investment is as important as ever to the growth of the UK economy and the government has been sending out a clear message that the UK is very much 'open for business'.

Current advantages for new businesses

The UK is a large and dynamic marketplace in its own right, but also benefits from being an excellent gateway to other parts of the world. Foreign investors coming to the UK have experienced its many advantages, including:

- A deep pool of workforce expertise;
- Excellent transport links with the rest of the world;
- A central time zone position ideally placed between the markets of the East and West;

- A flexible and business-minded location;
- Accessibility of language;
- A familiar gateway into the rest of Europe and a member of the EU;
- A solid, credible and long-established structure for companies to build businesses;
- One of the world's global financial centres;
- A top-class environment for research and development work;
- Opportunity to raise capital through the UK markets; and
- A wide network of Tax Treaties.

The UK does have a suite of regulatory practices that need to be considered when coming to the UK and there is still complexity of tax legislation, particularly related to overseas operations, although the government has recently introduced measures to simplify it in order to make the tax compliance process easier for companies to understand.



The economic environment

The UK has recently seen the impact of the worldwide recession and during 2008 and 2009 the UK economy shrank by around 6% (Office of National Statistics). Office of National Statistics figures show that GDP fell in the quarters one, two and four of 2012. There was a relatively large increase during the third quarter of 2012 which was widely attributed to the effect of the London 2012 Olympics. Nevertheless, foreign direct investment in the UK has continued, emphasising its importance as a destination for investment.

Key Sectors and Trading Partners

The UK has a highly-diversified economy. The UK Inward Investment Report 2011/12 produced by UK Trade and Investment identified new inward investment projects across such sectors as software, engineering, life sciences, environment technology, ICT and finance and business services.

The report also identified the USA as the primary source of foreign investment in the UK,

with high levels of investment from Germany, France, Australia, India, Canada and Italy, and rapidly increasing levels of investment from China and Japan.

Traditionally, the export market has focussed heavily on goods, but an increasing proportion of exports now relate to services. In respect of goods, the largest export areas in 2012 were oil and gas, pharmaceuticals, road vehicles and chemicals, while in the services sector, financial and business services accounted for the largest proportion of service exports in 2012. The largest market for UK exports remains the EU and the US.¹

Tax and grant incentives

Various financial incentives and other forms of support can be obtained by businesses wishing to establish or develop operations in the UK. The availability and potential level of grant support is influenced by the following factors:

- geographical location within the UK;
- the number and quality of jobs created or safeguarded;
- the need for assistance;

- the size of the company to be assisted; and
- the type of project investment.

These grants can cover capital investment, job creation/safeguarding, R&D, property development, training, energy and infrastructure investment. All grants are discretionary and businesses looking to obtain grants should not make an irrevocable commitment to an investment project prior to receiving a grant offer. In addition, further direct tax incentives were introduced for foreign nationals investing in genuine trading businesses in the UK.

Set out below are just some examples of the existing grant schemes:

- Research and Development (R&D): The UK Government and European Commission have a range of grant schemes and support measures for businesses. These are explained in more detail further in this document.
- European Union Seventh Framework programme for research and technological development: The Seventh Framework programme

is Europe's main funding investment for research and technological development.

The Enterprise Investment Schemes (EIS) enables a basic rate income tax reduction to certain investors in new and existing business, provided that specified conditions are met.

The regulatory environment

The UK is an open market in which to do business. There are no currency or exchange controls or restrictions on foreign investment and it has been ranked fourth in the world in respect of the ease of doing business, in the report by the World Bank.

Certain industries are subject to regulations, such as financial services and utilities, and companies wishing to set up in these sectors should seek specialist legal advice in respect of these regulations.

Businesses should take steps to protect their company's intellectual property, especially as many rights are territorial in nature and therefore may require active steps to ensure protection and enforcement in the UK.

The future

The government recently introduced several new initiatives that aim to improve the competitiveness of the UK in the world market and make it even more attractive to overseas investors. These include several fiscal measures to reduce the complexity of tax legislation for UK holding companies. New legislation was enacted in the Finance Bill 2012 and is relevant for accounting periods beginning after 1 January 2013.

The headline tax rate for companies from 1 April 2013 is 23%, with a further reduction to 21% by April 2014 proposed.

These measures should further enhance the attractiveness of the UK as both a destination for investors and as a gateway to the world.



¹ Source: Office for National Statistics

Conducting business in the UK

Forms of business

The principal ways for a foreign investor or company to carry on business in the UK are as follows:

1. UK establishment

A UK establishment is either a branch or a place of business. An establishment is not a separate legal entity from the overseas parent and therefore does not have limited liability in its own right.

2. Limited company

A limited company is a separate legal entity with its own limited liabilities. This is much more substantial than a UK establishment and offers greater assurance for customers and others who come into contact with the business. It also offers more flexibility of ownership than an establishment.

A company must:

- Have at least one natural director;
- Appoint auditors, unless its turnover and balance sheet are below specified thresholds;

- Keep registers of members, charges, directors and company secretaries etc.;
- Deliver an annual return and statutory accounts to the Registrar of Companies, together with having the accounts approved by the directors/shareholders; and

- Have a registered office address in the UK.

The company director is responsible for the day-to-day management of the company and is subject to various statutory duties that, if breached, can result in personal liability. These include the requirement to act in accordance with the company's constitution; to only exercise powers for the purpose for which they were conferred; and to act in a manner that they consider to be the most likely to promote the success of the company for the benefit of its members as a whole. Companies Act 2006 contains a comprehensive statement of such statutory duties.

3. Limited Liability Partnership ('LLP')

An LLP is a legal entity with a flexible organisational structure like that of a partnership. It must have at least two members and all members have limited liability. Designated members have responsibility for:

- Appointing an auditor (if needed);
- Signing and filing the accounts;
- Notifying Companies House of any membership changes etc.; and
- Delivering an annual return to the Registrar of Companies.

Businesses can additionally be conducted as sole traders or partnerships. These have different tax consequences to those explained below.

In order to decide the most appropriate entity, you may wish to consider issues such as the permanence and size of your activity in the UK, associated regulatory and disclosure requirements and tax and commercial implications.



Setting up a business

1. UK Establishment

Every overseas entity that has an establishment in the UK from which it does business must register the UK establishment within one month by providing the following details to the UK Registrar of Companies:

- A completed form OSIN01 providing:
 - The official name of the company;
 - The country of incorporation;
 - The address of the establishment in the UK and overseas;
 - Details of the directors and secretaries including the extent of their ability to represent the company;
 - Details for the person authorised to accept service of process on behalf of the company; and

- Details of the permanent representatives of the company in respect of the business in the UK and the extent of their authority to represent the company.

- A certified copy and translation of the company's constitutional documents;
- A translated copy of the company's latest audited financial statements (if the company is required to file accounts publically in its country of incorporation); and
- Registration fee of £20 (£50 for same day service).

2. Company

A company is incorporated by filing the following with the UK Registrar of Companies:

- A signed Memorandum of Association;
- Signed Articles of Association (the rules under which the company will be run);

- Completed form IN01 (details of the Registered Office, Directors, share capital, shareholders and a statement of compliance stating that various requirements have been met); and
- Registration fee of £20 (£50 for same day service).

When all formalities have been followed, the Registrar of Companies will issue a certificate of incorporation which is evidence that the company is duly established and can begin trading. The most common corporate vehicle is a limited company. However, it is also possible to establish a public company. This has minimum share capital of £50,000 or the prescribed Euro equivalent.

3. LLP

An LLP is incorporated by filing the following with the UK Registrar of Companies:

- Completed form LL IN01 (details of the LLP's name, registered office, details of members and statement of compliance); and
- Registration fee of £20 (£50 for same day service).



Taxation in the UK

Corporation Income Tax

Scope

A company that is resident in the UK for tax purposes is liable to corporation tax on its worldwide profits and chargeable gains. A UK Establishment of a non-resident company is liable to UK corporation tax on trading income arising through the UK establishment, income from property or rights held in the UK and chargeable gains on the disposal of assets situated in the UK.

A company is UK resident if it is incorporated in the UK or managed and controlled from the UK.

For large companies, corporation tax is payable in quarterly instalments beginning 6 months and 13 days from the start of the accounting period. Small companies, or those whose tax liability is less than £10,000, pay within nine months of the end of the accounting period.

Penalties may be charged for failure to notify Her Majesty's Revenue and Customs ('HMRC') of a liability to corporation tax within 3 months and for late filing of a tax return. Tax geared late filing penalties may also be imposed if tax is outstanding.

- Amortisation of capital expenditure is added back and statutory capital allowances deducted instead (see below);
- Certain expenses (e.g. patent royalties) are deducted on a paid basis against total income;
- General provisions and provisions for contingent losses are added back; and
- Taxation of Intellectual property is based on amortisation in accounts and profits on sales taxed as income.

Capital Allowances

Capital allowances allow the cost of the capital assets to be written-off against the taxable profits of a business and take the place of commercial depreciation charged in accounts. The Annual Investment Allowance gives a 100% writing down allowance on the first £25,000 spent on general plant and machinery in a period. This is time apportioned where an accounting period is less than 12 months. The Government has announced that as part of Finance Act 2013, the limit will be increased to £250,000 for a temporary period of 2 years effective from 1 January 2013.

Corporation tax rates (for financial year to 31 March 2014)

	£	%
Small profits rate	0-300,000	20
Marginal rate	300,001-1,500,000	23.75
Standard rate	Over 1,500,000	23

The thresholds are reduced by the number of active associated companies within the group. (Companies are usually associated if one is under the control of the other or they are under joint control by a third company).

Administration

Companies are required to submit an annual 'self-assessment' return within 12 months of the year end.

Taxable profits

Taxable profits are calculated by adding together income from various sources. The starting point is in accordance with generally accepted accounting principles, with certain statutory adjustments. Some of the most common adjustments are:

- Expenditure incurred wholly and exclusively for business purposes is deductible;





After this initial allowance, the main rate of capital allowances for general spending on plant and machinery is 18% with some 100% enhanced allowances for certain energy and water efficient equipment.

Chargeable gains

UK resident companies pay corporation tax on their chargeable gains at the relevant corporation tax rate. UK establishments of foreign companies are also liable to corporation tax on chargeable gains arising on the disposal of any assets that are situated in the UK and used for the purposes of the UK establishment or its trade.

There is an exemption available for certain capital gains and losses on substantial (more than 10%) shareholdings in trading companies disposed of by corporate shareholders, provided that various other conditions concerning the nature of the companies are met. This is commonly referred to as the 'Substantial Shareholdings Exemption'.

A non-UK resident company disposing of shares in a UK company will not generally be subject to UK taxation, unless it has a permanent establishment in the UK.

Dividends and profit repatriation

A UK company can repatriate profits to the home territory of its parent company in a number of ways, for example:

- Dividends – there is no withholding tax on payments of dividends from a UK company.
- Interest – a UK company needs to be able to demonstrate that it is adequately capitalised to support a deduction for intra-group interest payable. See below regarding the new UK 'debt cap'.
- Other intercompany trading transactions (e.g. management charges) – these will be subject to the UK transfer pricing rules, in which case the company or UK establishment needs to be comfortable that an arm's-length standard has been applied.

Since 1 January 2010, a 'debt cap' applies to worldwide groups including UK companies. The debt cap limits the tax deduction to the extent that the UK company's net finance expense exceeds the worldwide group's gross external finance expense. The legislation is extremely complex and specialist advice should be sought. It is likely that a significant number of companies will fall within

these debt cap rules, although there is a 'Gateway Test' which, if met, means that the interest cap does not apply to the company.

The UK also operates disclosure and anti-avoidance provisions in relation to Controlled Foreign Companies (CFC), with new rules applying for accounting periods beginning after 1 January 2013. The aim of the reforms was to improve UK competitiveness and make the rules easier to operate.

If a UK company has held investments in other entities, certain exemptions apply to the taxation of dividends received by that UK company from investments in other UK or overseas companies.

Withholding Tax

As stated above, there is no withholding tax on dividends paid by a UK company.

Interest paid is generally subject to a withholding tax rate of 20%, but this is mitigated in many cases of payment to a corporate entity, either by the existence of a double tax treaty which reduces the rate, or the application of EU directives. It is necessary to apply for advance clearance to the UK tax authorities to make a payment of interest at the reduced withholding rate.

Likewise, royalty payments are also generally subject to withholding tax at 20%, mitigated by the impact of treaties.

Losses

Trading losses may be utilised in 4 principal ways:

- Against other profits of the same period;
- Against profits of any description in the prior period;
- Against profits of the same trade in future periods; and
- As group relief in the same accounting periods to other group companies.

Trading losses do not expire but may be lost or restricted if there are changes to the trade or the way in which it is carried on.

Transfer Pricing

UK tax legislation prevents the avoidance of corporation tax by pricing goods at an artificial level in order to achieve profits in tax havens or in countries with lower rates of taxation. Accordingly, transactions (including the giving of loans) between 'associated persons' (namely, persons who are under common control or who control one another) are treated

as transactions taking place at 'market value'. Transactions between UK companies are also caught by the transfer pricing legislation.

Examples of intra-group supplies and services caught by transfer pricing include head office services, intra-group loans, free use of intangible property. Transfer pricing rules do not apply to small or medium-sized groups, whether UK-to-UK or cross-border transactions, unless:

- An enterprise elects irrevocably for them to apply; or
- There are transactions with a resident of a non-qualifying territory.

Rates

In the UK, an individual is assessed for income tax for the financial year starting on 6 April in one year and ending on 5 April in the following year on income in excess of a personal allowance (for the 2012-2013, the basic allowance is £8,105).

Scope

The system for taxing individuals moving to the United Kingdom is generally unique. An individual's liability to UK tax not only depends on where they are resident, but also where they are domiciled. Current rules regarding UK tax residence are complex, however a statutory residence test will be introduced from 6 April 2013. Broadly, a resident individual for tax purposes is any individual present in the UK for over 183 days in the tax year. Additional tests apply for individuals frequently visiting the UK and those with connections to the UK.

The term 'domicile' is not defined in UK tax law, and is a purely common law concept. Domicile is distinct from nationality, citizenship or residence.

In very broad terms, an individual is domiciled where they have their permanent home and where they consider their permanent home to be.

If a person is resident and domiciled in the UK, then they will be subject to UK tax on their worldwide income, gains and assets, irrespective of where these are situated.

Individuals not domiciled in the United Kingdom can elect to be taxed differently, effectively limiting their UK tax liability to their UK source income and gains and foreign source income and gains which they bring or use to the UK ('remittance basis').

Legislation provides instances when this election is required. The election has to be made each year in most cases.

Individuals not domiciled in the UK might be liable to pay an annual levy¹ to be taxed under the remittance basis of taxation, depending on the length of time they have been resident in the UK. The levy is payable in addition to their UK tax liability for the year.

Personal tax rates (for financial year to 31 March 2013)

	£	%
The first	0-34,370	20
	34,371-150,000	40
Over	150,000	50

There are other tax advantages and incentives available for individuals coming to the UK temporarily. However, this is a complex area of taxation and professional advice should be sought early on.

Capital gains tax (CGT)

Individuals who are resident in the UK are liable to capital gains tax on:

- worldwide gains – if domiciled in the UK; and
- gains remitted to the UK – if domiciled elsewhere and elect to be taxed on the remittance basis.

Since 23 June 2010, basic rate taxpayers are subject to tax on capital gains at 18% and higher and additional rate taxpayers at a rate of 28%.

Entrepreneurs' relief is available for individuals who make a material disposal of a business asset; primarily shares or securities of an individual's 'personal' company or the whole or part of a business (including partnership interests).

There are qualifying conditions attached to each category, for example in the case of the personal company the requirements are that for at least 12 months prior to the disposal:

- the individual must hold at least 5% of the ordinary share capital and 5% of the voting rights exercisable by virtue of that holding;
- the company must be a trading company or holding company of a trading group; and
- the individual must be an officer or employee of the company or a company within the group.

The relief is given in the form of a reduction of the rate of capital gains tax chargeable to an effective rate of 10% on a 'lifetime amount'. The lifetime amount is £10m from 6 April 2011.

¹ £30,000 for individuals resident in the UK for 7 out of the last 10 tax years and £50,000 for individuals resident in the UK for more than 12 years.

Inheritance Tax

Inheritance tax is charged on individuals, including executors and trustees on death and certain chargeable transfers of assets.

Payroll taxes and Social Security

All UK employers must operate a 'Pay As You Earn' (PAYE) payroll system. Over each UK tax year, an employer must account to HMRC for the full amount of any income tax and National Insurance contributions (social security) that it must deduct from payments made to employees. UK employers are required to operate the system without exception and to keep appropriate records and complete the necessary filings. They must also account for Employers' Social Security payments. The rates are up to 12% for employees' contributions (but this is subject to a cap) and 13.8% for employers' contributions.

The system of Value Added Tax (VAT) in the UK is essentially the same as that used in the rest of the EU. There remain, however, some significant and confusing differences of detail between different member states of the EU. VAT is charged on the supply of goods and services in the UK made by a taxable person in the course of furtherance of a business, unless the supplies are zero-rated or exempt. A UK taxable person is anyone registered or liable to be registered for UK VAT.

VAT is effectively a tax on consumer expenditure. So, in theory, the final burden of the tax should not fall on business activity. This objective is achieved by an arrangement known as the input/output system. When a business buys goods or services, it pays VAT to the supplier (input tax). When the business sells goods or services, whether to another business or to a final consumer, it is required to charge VAT (output tax) unless the supplies are specifically relieved from the VAT charge. If the business makes only taxable supplies, it must periodically total the input tax it incurs (unless the business makes exempt supplies) and deduct this from the output tax charged, paying the balance to HMRC.

The result of this is that the final consumers bear the cost of VAT on the final price of the goods or services they purchase.

Since 4 January 2011, the standard rate of VAT is 20%.

The UK VAT turnover registration limit is currently £77,000. A taxable person is liable to register for VAT if their combined value of taxable supplies in the UK exceeded the registration limit in the preceding 12 months, or there are reasonable grounds for believing that the value of taxable supplies to be made in the next 30 days alone will exceed the registration limit. A business may also de-register if the anticipated value of the taxable supplies in the next 12 months is less than the de-registration limit (currently £75,000).

The standard VAT reporting requirement for a company/UK establishment after registration is to submit returns to HMRC every three months. If a business wants to recover its input VAT more quickly, it may request permission to submit monthly VAT returns. There are other returns that will need to be rendered if a UK-based business trades with customers/suppliers located outside of the UK.

Other taxes and incentives

Stamp Duty

Stamp duty is a tax payable on certain transactions, such as the following:

- Transactions in shares may be subject to Stamp Duty or Stamp Duty Reserve Tax; and
- Transactions in land and property are subject to Stamp Duty Land Tax.

The rate of Stamp Tax depends on the type of transaction and the value. For example, on the purchase of land, Stamp Duty Land Tax is payable on the chargeable consideration at a rate of between 0% and 15%, depending on the value of the property as well as how it is owned and used.

Research and Development Expenditure

Certain companies incurring research and development expenditure of a specific nature on or after 1 April 2000 are entitled to claim enhanced R&D tax relief.

Companies that are small or medium-sized enterprises (and part of a small or medium-sized group) are entitled to an enhanced deduction of 225% of qualifying R&D expenditure. The definition of a small or medium-sized company is as follows:

- fewer than 500 employees; and
- either:
 - an annual turnover not exceeding €100m; or
 - an annual balance sheet total not exceeding €86m.

Qualifying research and development expenditure is expenditure directly contributing to the research and development activity of the company, e.g.:

- costs of staff who are actively engaged in carrying on the R&D activities;
- software or consumable items;
- certain qualifying indirect activities, e.g. secretarial time supporting the R&D staff, finance and payroll activity to the extent that it relates to the R&D staff.

If the workers are supplied by an unconnected company, 65% of the payments made in respect of them will be qualifying expenditure.

The R&D expenditure must be on projects that have a degree of technological or scientific uncertainty.

Where a small company has a 'surrenderable loss', it may claim an R&D tax credit. Generally, a surrenderable loss arises where the company incurs a trading loss. The surrenderable loss is the lower of:

- the unrelieved trading loss; and
- 200% of the qualifying research and development expenditure from March 2011 and 225% from March 2012. There's an upper limit of €7.5 million on the total amount of aid a claimant can receive on any one R&D project.

Where the R&D tax credit is claimed, the trading loss carried forward is reduced by the corresponding amount. The R&D tax credit will be paid to the company by HMRC or may be set against any corporation tax liabilities due.

For a large company (i.e. one which exceeds the small and medium-sized enterprise company limits), the relief given is 130% of the qualifying costs. Such companies are not entitled to surrender the amount for tax credits.

Audit and accountancy

Books and Records

The UK Companies Act requires that accounting records explain the company's transactions and enable the directors to ensure that the annual accounts comply with the requirements of the Act. These records must detail the following in particular:

- all sums of money received and expended, and the reason for the receipts or expenditure; and
- the assets and liabilities.

If the company's business involves dealing in goods, records must be kept of the following:

- all stock held (inventory) at the date to which the accounts have been drawn up, and all stocktaking records from which such statements have been prepared; and

- all goods sold and purchased, including the identity of the buyers and sellers (except in the case of goods sold in ordinary retail trade).

There is no requirement as to the form in which accounting records must be kept, but they must be able to disclose with reasonable accuracy, at any time, the financial position of the company. The accounting records must be kept at the company's registered office or at such other place as the directors

think fit. The records may be kept outside the UK, but, if they are, certain accounts and returns must be sent to and retained in the UK. Private companies must retain their accounting records for three years, public companies for six years (but will be obliged to retain them for longer periods for tax purposes).

Accounts and reports

A private company must prepare individual accounts for each financial year, comprising:

- a directors' report;
- an auditor's report (for companies requiring an audit);
- a balance sheet as at the last day of the financial year;
- a profit and loss account for the period of the financial year;
- a cash flow statement (unless a company is small or medium-sized); and
- notes to the accounts.

Dormant companies are only required to prepare accounts consisting of a directors' report, balance sheet and notes.

The accounting reference period determines a company's 'financial year', in respect of which accounts must be prepared.

The accounting reference period is generally 12 months in duration, except the first accounting reference period, which must not be less than 6 months but not more than 18 months after the company's date of incorporation.

On incorporation, a company may choose an 'accounting reference date' (i.e. the day and month on which an accounting reference period ends). A company may alter its accounting reference date, subject to certain limitations.

A private limited company must file its accounts at Companies House within nine months and public companies within six months of the accounting reference year end.

A private company's annual accounts must be approved by the board of directors and signed on the board's behalf by at least one director.

A copy of the accounts must be sent to the shareholders, debenture holders (if there are any) and any persons who are entitled to receive notice of general meetings (unless the company does not have their current address). This should happen by no later than the end of the period for delivering the accounts and reports or, if earlier, the date on which it actually delivers its accounts and reports for filing.

Accounts are available for public inspection, on payment of a small fee, at the UK Companies Registry.



Private companies must file a complete set of accounts unless they are classified either as 'medium-sized' or 'small' companies or 'dormant', when (with certain exceptions) they may file abbreviated accounts.

A company qualifies as 'small' if, for the year in question and (except in the case of a new company) for the preceding financial year, two or more of the following conditions are satisfied:

- the amount of its turnover for the year is not more than £6.5m;
- its balance sheet total is not more than £3.26m;
- the average number of persons employed by the company in the year (determined on a weekly basis) does not exceed 50.

A company qualifies as 'medium-sized' if, for the financial year in question and (except in the case of a new company) for the preceding financial year, two or more of the following conditions are satisfied:

- the amount of its turnover is not more than £25.9m;
- its balance sheet total is not more than £12.9m;
- the average number of persons employed by the company in the year does not exceed 250.

However, a company will not be deemed to be a medium-sized company if it is:

- a public company;
- a company that has permission under Part 4 of FSMA to carry on a regulated activity or carries on insurance market activity; or
- a member of an ineligible group.

A small company need not file a profit and loss account or directors' report and is permitted to file a modified balance sheet.

A medium-sized company may file a modified profit and loss account and need not disclose, in the notes to the profit and loss account, certain details relating to turnover and profits (or losses) attributable to different classes of business carried on by the company. Apart from these exemptions, a medium-sized company must file full individual accounts in all other respects.

Where the directors take advantage of the filing exemptions for small and medium-sized companies, the balance sheet must contain a statement declaring this fact. The accounts must be accompanied by a special report of the auditor stating that, in the auditor's opinion, the company is entitled to the exemptions claimed and that the accounts have been properly prepared.

Audited financial statements for UK Companies

At the present time, all UK businesses incorporated under the Companies Act require statutory audits unless they qualify for an audit exemption. Audit exemptions are available in the following circumstances:

- the company qualifies as dormant; or
- the company qualifies as a small company in relation to that year.

A company qualifies as 'small' if, for the year in question and (except in the case of a new company) for the preceding financial year, two or more of the following conditions are satisfied:

- the amount of its turnover for the year is not more than £6.5m;
- its balance sheet total is not more than £3.26m; and
- the average number of persons employed by the company in the year (determined on a weekly basis) does not exceed 50.

The exemption is not available if the company is a public company, a company that is an authorised insurance company, a banking company, an e-money issuer, an ISD investment firm or a UCITS management company or a member of an ineligible group.

A group is ineligible if any of its members is a public company, a body corporate (other than a company) whose shares are admitted to trading on a regulated market in an EEA state, a person (other than a small company) who has permission to act under Part 4 of the Financial Services and Markets Act to carry on a regulated activity, a small company that is an authorised insurance company, a banking company, an e-money issuer, an ISD investment firm or a UCITS management company or a person who carried on insurance market activity.

In addition, shareholders holding more than 10% in nominal value of the company's issued share capital can require the company to undertake an audit.

Auditors and their duties

Where a company is required to have its accounts audited it must appoint an auditor. An auditor must be appointed for each financial year of the company. A company's first auditors are usually appointed by the directors. For any financial year other than the first, the auditor will generally be appointed within 28 days of the circulation of a company's accounts to its shareholders or if the company is required to have an annual general meeting ('AGM') from the conclusion of the AGM at which their re-appointment is approved. An auditor's term of office will usually run from the end of the 28-day period following circulation of the accounts until the end of the corresponding period in the following financial year or from the conclusion of the AGM to the start of the next AGM.

If an auditor is not re-appointed by the end of the next period for appointing auditors, the current auditors will be deemed to be re-appointed except in certain circumstances.

The auditors are required to make a report to the members on every balance sheet and profit and loss account (cashflow, statement of total recognised gains and losses (STRGL), etc) and on all group accounts laid before the company in general meeting, if so required. The auditors' report must state whether the accounts have been properly prepared in accordance with the Companies Act and whether they show a true and fair view. In forming their opinion, auditors must also consider whether the following conditions have been satisfied:

- Have proper accounting records been kept?
- Are the annual accounts in agreement with the accounting records?
- Have they received all information, explanations and returns necessary to form this opinion?

If they are not satisfied in any of these respects, the auditors must declare that fact in their report.

Foreign registered entities

Since 1 October 2009, there has been one regime which governs the registration for overseas companies with a presence in the UK, which is known as a UK Establishment. All branches and places of business previously registered under the regime prior to 1 October 2009 are now treated as a UK Establishment and

are required to meet the following obligations regarding preparation of accounts.

The type of accounts required for filing by the overseas company in the UK will depend upon whether they are required to prepare, have audited and publicly disclose its accounts in the country of incorporation or under its governing law.

For companies that are required to publicly file accounts in their home territory a copy of those accounts must be filed with the UK Registrar.

Overseas companies incorporated within the EEA that are not required to disclose accounting records under their parent law do not have to file any accounting documents with the UK Registrar.

Companies incorporated outside of the EEA that are not required to disclose accounts publicly under their governing law must prepare accounts which have been prepared under one of the following accounting frameworks:

- Section 396 of the Companies Act 2006;
- The law of its parent company to prepare individual's accounts; or
- International Accounting Standards.

If an overseas company is a parent company, the directors must prepare group accounts for the year instead of individual accounts, subject to certain exemptions.

Human Resources and Employment Law

UK law grants employees a range of protections that create obligations and potential risks for employers. Although these are generally less stringent than in other European countries, you will nonetheless need to be aware of them.

The obligations an employer owes its UK employees include:

- a general duty to provide a safe place of work, safe access and safe work systems, supported by related obligations, among other things, to take out employers' liability insurance, consult with employees or their representatives over health and safety issues and provide staff with certain health and safety information;
- a requirement to provide a written statement of terms and conditions of employment to employees within two months of commencement of employment (a contract of employment can satisfy this obligation);
- an obligation not to discriminate against employees, including job applicants, on a range of grounds, including race, colour, nationality, ethnic origin, age, gender (this includes sexual harassment), marital status, religion or religious belief, sexual orientation, disability, or part-time or fixed-term status;
- an obligation to pay employees at least the national minimum wage, which is a fixed hourly rate and is increased annually (currently £6.19 for those aged 21 and over);
- various benefits in connection with giving birth, adoption and other family situations (these include maternity absence for up to 12 months, part of which is paid, and a right to time off to deal with domestic emergencies);
- a requirement not to allow a worker to work beyond 48 hours per week (on average over, normally, a 17-week period) without express consent (there are additional limits on working time, including daily and weekly time off and specific limits related to younger workers and night workers);
- a duty to give each employee a minimum amount of 28 days paid holiday each year (based on a 5-day working week);
- a requirement to observe limitations on the freedom of an employer to process personal data obtained about its employees and job applicants, including transferring it to third parties (these limitations are more strict in relation to personal data which is 'sensitive' and where the data may be transferred outside the EU to countries with lower levels of privacy protection); and

- various rights for employees to protect them in the event of termination of employment. These include a minimum notice entitlement that can be as long as 12 weeks and a right to a statutory payment on being made redundant with more than two years' service. Where service exceeds one year, a dismissed employee has a right to claim compensation for unfair dismissal and that claim will be successful unless the employer can show a permitted reason for termination and that a fair and legal process has been followed.

Union or other collective rights are less onerous in the UK than in many other European countries. The law in the UK requires an employer to recognise a trade union or establish a national works council or committee in certain circumstances, but only where such an arrangement is specifically requested by a union or workers. As a result, many UK employers have no such arrangements in place.

It is beneficial for an employer to establish a comprehensive contract of employment to be issued to each employee. This can include all of the terms and conditions of employment, covering the rights described above, and in addition protect the employer's business interests by placing obligations on the employee.



Examples are specific requirements to keep information about the business and its customers confidential, provisions securing ownership of inventions and developments made in the course of employment, and covenants restricting certain competitive activities after employment ends, such as poaching customers or key staff. Employers frequently supplement this contract with a formal staff handbook setting out company policies, including ones that support compliance with the issues referred to above, such as discrimination/harassment and data protection.

The contract of employment is an important tool in setting out the terms of any benefits provided, most notably bonuses. Precise language in the contract can clarify the employee's rights and may save the employer unexpected costs on termination of employment.

The contract of employment will include terms relating to:

- salary;
- potential bonuses; and
- benefits provided by the employer to employees.

Provision of benefits (rather than paying a higher salary) can have tax advantages for both the employer and the

employee. The employer is responsible for reporting any taxable benefits provided to an employee in an annual return (form P11D). Benefits such as bonus, health insurance and car allowance are a matter of choice for the employer.

From 1 October 2012, all UK employers must automatically enrol all employees into a pension scheme and eventually ensure minimum contributions are paid equal to 8% of total earnings. This legislation will be introduced in a phased approach over five years with smaller employers not required to comply until later years.

The provision of pension benefits is in the process of further significant changes with dramatic alterations in the tax treatment of pension contributions for 'high-earners'. The challenge for an employer is how to maintain pension provision as an attractive part of the reward package or at least develop tax-efficient savings arrangements as an alternative. In the UK, it is common to find some sort of equity incentive arrangement as part of a senior executive's reward package (and in some organisations employee share ownership is spread across the workforce in general) though this is usually made available outside the contract of employment.

Immigration

The UK operate a five-tier immigration system known as the 'Points Based System' ('PBS'). New applications will be processed under the PBS and for workers already in the UK with work permits issued under the old regime, there are transitional arrangements in place for renewal of these. Tiers 1 and 2 are the most relevant tiers for inward investors and are summarised below:

Tier 1

- Relates to 'Highly skilled migrants'.
- Points awarded in various categories, including academic achievement, earned income, age and UK experience.
- The individual must be able to prove that he/she is able to speak English to the required standard as stated by the UK Border Agency (UKBA) and has adequate funds available to meet a maintenance requirement.
- Allows individuals to work in any capacity, in self-employment or employment for any employer.
- Processing of this type of application takes approximately 4-6 weeks.

Tier 2

- For people coming to the UK with a skilled job offer to fill a gap in the workforce that cannot be filled by a settled worker.
- The UK company acts as a sponsor to the employee.
- Depending on the route used under Tier 2, the UK company should undertake a resident labour market test (i.e. provide evidence of advertising the specific role plus evidence of why local resident workers cannot undertake this position). There are certain exceptions for individuals who are Intra-company Transfers ('ICT') or if the specific role is identified as a shortage occupation by an independent advisory committee and is listed as such on the UKBA Shortage Occupation List.

It is currently still possible for an employee to apply to the British Consulate to enter the UK on a Sole Representative Visa. This route is separate from the PBS. This route is designed for a first, full-time, senior employee who is to be relocated to the UK to assist with the set-up of a wholly-owned subsidiary or to register a UK Establishment for an overseas parent company. They will be tied to working for the UK sponsor.

Under the PBS, companies have certain duties concerning record keeping, undertaking ongoing checks on individuals, maintaining robust HR policies and co-operating with the UKBA. Companies that fail to discharge these duties may face several penalties including removal from the Sponsorship Register. This prevents the issue of future certificates of sponsorship under Tier 2.

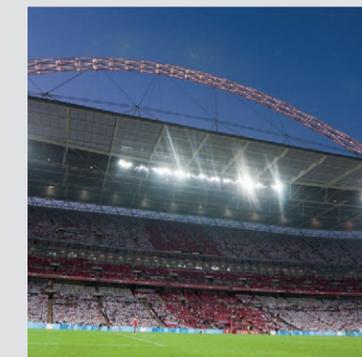
It is possible for an individual to enter the UK on a business visit for up to six months if they will be undertaking activities that fall within the business visitor guidance rules. Examples of permitted activities include:

- attending meetings, including interviews that have been arranged before coming to the United Kingdom, or conferences;
- arranging deals or negotiating or signing trade agreements or contracts;
- undertaking fact finding missions; and
- conducting site visits.

Business visitors should ensure they check whether it is necessary for them to apply for a visa for their business visit. It is also crucial that tax, social security, immigration and employment law issues are considered for short-term business visitors.

Business visitors face serious consequences, including being unable to re-enter the UK for up to 10 years, if they make false representations about their proposed activities in the UK. Furthermore, if employees travel to the UK and undertake activities over and above those permitted under the business visitor rules, this could be classed as illegal employment.

Under UK immigration legislation, it is illegal to employ an individual who does not have the appropriate permission to work in the UK. If a company employs an individual illegally they may be liable to a civil penalty of up to £10,000 per illegal worker and if they knowingly employ an individual illegally, potentially a criminal penalty of an unlimited fine and/or imprisonment of up to 2 years.



Trade

Trade and Competition

While various EU rules impact on trade in general, the UK attaches great importance to free competition. As a result:

- price controls are not imposed (other than on certain regulated sectors);
- there is a complete absence of exchange controls; and
- in general, no restrictions are imposed on foreign ownership or investment.

Under European Commission and UK competition law rules, certain agreements that have the effect of restricting or distorting competition within the EU are prohibited – unless they fall within certain automatic exclusions or exemptions. A clause or entire agreement that is anti-competitive and does not fall within obvious exemptions will be void and unenforceable. There are also controls on some mergers and joint ventures.

Businesses in the UK can be impacted by numerous regulations including but not limited to:

- health and safety (of employees, consumers and the general public);
- certain technical standards (e.g. to guarantee quality and inter-operability);
- product liability;
- anti-corruption; and
- advertising and the environment.

It is recommended that you take professional advice to ensure all appropriate regulations are identified and complied with. Amongst other industry sectors, Financial Services and certain utilities (e.g. energy, water, telecommunications and broadcasting, postal services, airports and railways) are subject to additional regulations.

To ensure that free competition works effectively for consumers – encouraging efficiency and innovation and driving down prices – legislation prohibits certain anti-competitive practices and imposes requirements to treat customers fairly. EU and UK competition law places restrictions on certain agreements, particularly those between competitors, including cartels. It also prohibits exploitation of a dominant position and anti-competitive practices, such as predatory pricing or refusal to supply. Sanctions include:

- fines based on the turnover of the business; and
- custodial sentences for executives (but only where there has been a flagrant breach of the regulations, such as price fixing).

Because mergers can reduce the effectiveness of competition, they are subject to regulatory clearance under

UK and EU competition law. The UK and EU authorities have the power to prohibit or unwind mergers, or impose remedies (such as forced divestment of parts of the merged business).

Two independent public bodies have prime responsibility for ensuring that markets function effectively, consumers are treated fairly, and EU and UK competition law is enforced. These are:

- The Office of Fair Trading, which is the UK's consumer and competition authority; and
- The Competition Commission, which conducts in-depth inquiries into mergers and markets when necessary.

Consumer Credit

If the proposed business will involve any one of the following:

- lending money or selling goods on credit to an individual consumer or a small partnership;
- hiring goods to an individual consumer or a small partnership;
- offering hire purchase terms to an individual consumer or small partnership;
- carrying on activities that relate to credit and hire agreements, such as credit brokerage, debt-adjusting, debt-counselling or debt-collecting;
- administering credit or hire agreements on behalf of the creditor or hirer; or
- helping individuals to locate

records about their financial standing held by credit information agencies and, if applicable, correcting them, then it is likely that you will be subject to the Consumer Credit Act (CCA) 1974 and the European Union Directive on Consumer Credit 2008 and will need a consumer credit licence. The rules relating to consumer credit are very complex and you should obtain your own legal advice if you are uncertain as to whether your proposed business might need a licence. Failure to comply with the CCA licensing requirements will attract criminal liability and other sanctions.

Money Laundering

The Money Laundering Regulations 2007 require certain businesses to register with their relevant supervisory authority, have systems in place to prevent money laundering and report suspicious transactions. The categories of business within the scope of the regulations include:

- credit institutions;
- financial institutions;
- auditors, insolvency practitioners, external accountants and tax advisers;
- trust or company service providers;
- estate agents;
- high-value dealers (businesses that receive cash payment of 15,000 Euros or more in exchange for goods); and
- casinos.





You should, therefore, establish at an early stage whether your new business will be subject to the regulations and needs to be registered with a relevant supervisory authority.

Data Protection

You must comply with the Data Protection Act 1998 (DPA) in relation to your business's collection and use of personal data, i.e. details relating to individuals, such as customer or employee records. The individuals to whom the personal data relates are the 'data subjects'. The DPA imposes obligations on a 'data controller' (i.e. an entity that decides how and why the personal data will be used).

Businesses typically hold such personal data about their own employees and employees of business partners. Businesses which deal with consumers are also likely to hold personal data about customers and potential customers.

The DPA is based on eight principles that set out how personal data must be processed. 'Processing' includes collection, storage, use, disclosure and deletion. The first principle is fundamental to the requirements of the DPA and requires that personal data is processed 'fairly and lawfully'.

This includes giving data subjects certain information about the use of their personal data and satisfying one of a number of other conditions, such as gaining consent of the data subjects to the relevant processing.

Failure to comply with the DPA can lead to a monetary penalty, reputational damage and, in some cases, a criminal offence.

Financial Services

The Financial Services industry is strictly regulated in the UK by the Financial Services and Markets Act 2000 as amended (FSMA) and its subsidiary legislation. Under the FSMA, any person who carries on a regulated activity in the UK must be authorised by the Financial Services Authority (FSA) or benefit from an exemption. A business that is in breach of this requirement may be committing a criminal offence. It will also be unable to enforce its agreements and may have to return money and pay compensation to its customers. The regulatory body is currently in transition and will split into the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) from April 2013.

It is important, therefore, to establish at an early stage whether your proposed

business requires you to apply for authorisation to carry on regulated activities.

Examples of the types of business that are likely to require authorisation include:

- banks;
- investment firms;
- insurance companies and insurance intermediaries; and
- mortgage lenders and intermediaries.

The FSA places great emphasis on the importance of corporate governance, systems and controls. It focuses in particular, on the effectiveness of companies' arrangements and the responsibility of senior management for oversight of their businesses. Specific senior manager appointments are registered with the FSA as 'Approved Persons' who need to uphold the integrity expected of the regulator and can be personally held accountable by the FSA for their actions. In keeping with the more intrusive supervisory approach, the regulator has stated that certain approved persons being appointed to 'significant influence functions' may be required to be interviewed by the FSA, prior to having their registration formally approved.

Customs and International Trade

If your business involves the importation of goods into the UK from outside the EU, the goods will have to be declared for customs purposes and may be subject to customs duties and import VAT. It should be noted that the European Union is a customs union, which means that the EU is treated as a single territory for customs purposes and the same rules and rates apply in each member state. This means that, once goods are in 'free circulation' (i.e. all duties paid and import formalities completed) in one member state, they can move freely between all other member states without further payment of customs duty.

There are essentially three areas that determine the amount of duty payable on goods imported from outside the EU:

- *Classification* – the amount of duty payable depends on how the goods are classified for customs purposes, as this determines whether goods are subject to ad valorem duty rates or to specific duty rates based on volume.

- *Valuation* – where goods are subject to ad valorem duty rates, EU customs valuation rules require the addition of certain cost elements, e.g. freight and insurance. Certain elements may, in some circumstances, be excluded. It should be noted that, where the parties are related, the customs authorities may require evidence that prices are at arm's length and care needs to be taken that any transfer price is an acceptable value for customs purposes.

- *Origin* – it should be noted that the EU has many free trade agreements and preferential trade arrangements in place for a large number of countries, which means that eligible goods enter the EU at reduced or zero rates of duty, subject to meeting strict rules of origin. Conversely, certain goods from certain countries may be subject to trade defence measures, such as anti-dumping, anti-subsidy (also known as countervailing) or safeguard measures, which generally take the form of additional duty. Careful consideration must, therefore, be given to the customs implications of any sourcing or production decisions.

Depending on whether imported goods undergo further processing, there is a range of customs reliefs, regimes and simplified procedures available to UK importers to delay or suspend the payment of customs duty and import VAT. The rules relating to these areas are complex and it is, therefore, important to seek advice before imports commence.

Banking in the UK

Generally, all new businesses will require a bank account in order to conduct their business in the UK.

Before setting up a bank account for their new customers, UK banks undertake customer due diligence, which is part of the anti-money laundering regime and is a key requirement of the Money Laundering Regulations 2007 in the UK. 'Know Your Client' procedures, in other words identification of customers and their source of funds, help to ensure that the banks know who they are dealing with, thereby protecting themselves by identifying the customer, verifying the identity of the customer, identifying the beneficial owner of the customer and obtaining information on the intended purpose and nature of the proposed bank account.

You should not therefore underestimate the time it takes to set up a business or a personal bank account. This is particularly important if you intend to have direct payment arrangements set up to enable your employees to be paid directly by bank transfer from the outset of business.



HSBC in the UK

Overview

Who we are

With the headquarters in London, HSBC is one of the largest banking and financial services organisations in the world. HSBC's international network has around 8,000 offices in 87 countries and territories across Europe, the Asia-Pacific region, North, Central and South America, the Middle East and Africa.

Historical milestones

- HSBC has a unique international pedigree. Many of our principal companies opened for business over 100 years ago. The founding company from which HSBC took its name, the Hongkong and Shanghai Banking Corporation, was founded in 1865 to finance trade between China and Europe. In the UK, Midland Bank, which merged with HSBC in 1992, was founded in Birmingham in 1836.
- First Direct celebrated it's 21st Birthday in 2010.
- HSBC bought M&S Money in 2004.

Head Office

- HSBC headquarters is in Canary Wharf, London.
- The official opening ceremony of 8CS took place on Wednesday 2 April 2003, by Sir John Bond, Group Chairman.

- The building, with its current design and layout, can accommodate up to 8,500 people.
- Approximately 8,000 HSBC staff relocated to the new headquarters from August 2002 to February 2003.

Network

There are 1,330 branches in the UK.

Staff

HSBC has 58,000 staff in the UK.

Customers

HSBC has 16 million customers holding 23 million accounts in the UK.

Awards for Excellence (Sample selection)

- Best Global Emerging Markets Bank – Euromoney Awards 2012
- Best Bank for FX for Corporates – FX Week Best Bank Awards 2012
- Best Export Finance Arranger in EMEA – Trade Finance Awards for Excellence 2012
- Best Service from a Business Bank – Business Moneyfacts Awards 2012

Corporate Sustainability

- HSBC's commitment to sustainability was recognised by the Sunday Times in June 2010 when we were listed in their Best Green Companies List. The List recognises companies at the forefront of improving their environmental performance, and looked at our environmental policies, energy consumption, recycling systems and our carbon footprint.
- The HSBC Climate Partnership sees HSBC working with four world-class environmental charities; the Earthwatch Institute, the Climate Group, the Smithsonian Tropical Research Institute and the WWF. It's goals include creating cleaner, greener cities in London, Hong Kong, Shanghai, Mumbai and New York, and protecting some of the world's major rivers.
- HSBC in the Community helps employees to volunteer their time and talent for local educational and environmental projects. So far in 2010, over 1,100 members of UK staff have been involved in Local Community projects, volunteering over 4,500 hours of their time.
- HSBC supports a wide range of education projects and initiatives throughout the communities where we do business.

Country overview

<i>Capital city</i>	London
<i>Area and population²</i>	Area of 244,000 sq km and population of 62 million
<i>Language</i>	English
<i>Currency</i>	Sterling
<i>International dialling code</i>	+44

National Holidays

Scheduled Public Holidays for 2013

England and Wales		Scotland	
<i>New Year's Day</i>	1 January*	<i>New Year's Day</i>	1 January*
<i>Good Friday</i>	29 March	<i>Good Friday</i>	29 April
<i>Easter Monday</i>	1 April	<i>May Bank Holiday</i>	6 May
<i>May Bank Holiday</i>	6 May	<i>Spring Bank Holiday</i>	27 May
<i>Spring Bank Holiday</i>	27 May	<i>Summer Bank Holiday</i>	5 August
<i>Summer Bank Holiday</i>	26 August	<i>St Andrew's Day</i>	2 December*
<i>Christmas Day</i>	25 December	<i>Christmas Day</i>	25 December
<i>Boxing Day</i>	26 December	<i>Boxing Day</i>	26 December
Please note Northern Ireland observes the above holidays with two additional days:			
<i>St Patrick's Day</i>	18 March		
<i>Battle of the Boyne</i>	12 July		

Business and banking hours Generally 9am to 5pm, Monday to Friday but many banks and businesses now operate extended opening hours

Stock exchanges London Stock Exchange

Political structure Parliamentary monarchy with a multi-party structure. There is a national Parliament in Scotland and National Assemblies in Wales and Northern Ireland with varying levels of devolved power.

Source – Office of National Statistics www.ons.co.uk *Substitute day as the usual date falls on a Saturday or Sunday

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