SG LEASING (MARCH) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 MARCH 2019

COMPANY REGISTRATION NO. 0775046

CORPORATE INFORMATION

DIRECTORS

N. M. Dent
S. Fowler
L. Sides

SECRETARY

K. Balinska-Jundzill

AUDITOR

Deloitte LLP
1 Little New Street
London
EC4A 3TR

BANKERS

Société Générale
One Bank Street
Canary Wharf
London
E14 4SG

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

One Bank Street
Canary Wharf
London
E14 4SG

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the financial statements and auditor's report, for the year ended 31 March 2019.

The directors' report has been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

SG Leasing (March) Limited (the Company) is incorporated in the United Kingdom under the Companies Act 2006.

The Company registration number is 0775046.

The principal activity of the company is the provision of leasing and hire purchase finance for machinery, equipment and vessels.

On 29 August 2018, the Company acquired a finance lease from Société Générale Equipment Finance Limited with an asset value of £6,456,699 (2018: £Nil).

The Company remains the parent company for some of Société Générale's (SG Group) leasing activities in the United Kingdom.

The Company impaired its investments in SGFLD Limited for £607,402 (2018: £13,698), in SG Leasing (December) Ltd for £1 and in JWB Lease Holdings Ltd for £2.

The following amounts were received by the company from its subsidiary, Brigantia Investments B.V. relating to the return of capital and dividends.

Return of capital

	€	£
13 August 2018	19,458,214	17,461,801
05 November 2018	78,750,000	70,141,050
06 November 2018	31,500,000	28,056,420
07 November 2018	23,100,000	20,574,708
	197,108,214	175,691,103

	€	£
11 August 2017	18,882,054	17,366,392
27 November 2017	36,350,000	31,982,548
01 December 2017	239,350,000	212,358,500
01 December 2017	145,550,000	129,136,326
	440,132,054	390,843,766

Dividends

	€	£
05 November 2018	50,000	44,534
06 November 2018	50,000	44,534
07 November 2018	50,000	44,534
	150,000	133,602

	€	£
01 November 2017	50,000	43,992
01 December 2017	50,000	44,362
01 December 2017	50,000	44,362
	150,000	132,716

REPORT OF THE DIRECTORS (Continued)

During the year, SG Leasing (March) Limited received the following dividends from its subsidiary, Tynevor B.V.

Dividends

	€	£
13 August 2018	2,033,755	1,825,091
	2,033,755	1,825,091

	€	£
11 August 2017	2,490,262	2,290,368
	2,490,262	2,290,368

During the year, SG Leasing (March) Limited received the following dividends from its subsidiary, Hordle Finance B.V.

Dividends

	€	£
17 December 2018	-	60,843,557
	-	60,843,557

	€	£
19 December 2017	-	61,069,199
	-	61,069,199

The Company also received a dividend of £308,501from SG Leasing (Central 1) Limited and £608,509 from SGFLD Limited (2018: £44,090 from JWB Lease Holdings Limited and £26,419,060 from SG Leasing (December) Limited).

The company relies on business generated by staff employed by Société Générale London Branch ('SGLB') whose principal activity is investment banking. The client relationship exists with, and is managed by, SGLB.

The directors consider the results for the year to be in line with expectation. The company will continue to administer its portfolio of assets to increase profitability.

The Company has secured financing arrangements from Group companies that are matched with its asset base. The risks facing the Company and the actions taken to address those risks are set out in the Financial Risk Management paragraph. There is no indication that these risks will adversely impact the Company in the foreseeable future.

IMPACT OF BREXIT

Concerning the regulatory environment, and in particular Brexit, there has been a comprehensive Brexit impact exercise undertaken at SGLB in conjunction with an independent legal firm. The Company's operations were included in the analysis. Considering that the Company ceased issuing Euro denominated shares there would be no material impact after Brexit. As there are still possible outcomes of the current negotiations between the United Kingdom and the European Union, it is not possible at this stage to ascertain the full implications for the Company. Management will stay very close to the ongoing issues.

RESULTS

The Company made a profit after taxation of £3,606,278 for the year (2018: £21,288,318). The results for the year are set out on page 10.

The directors do not recommend any dividend for the year (2018: £Nil).

REPORT OF THE DIRECTORS (Continued)

POST BALANCE SHEET EVENT

After the year end, the following amounts were received by the company from its subsidiary, Brigantia Investments B.V., relating to the return of the capital and dividends after the year end.

Return of capital

	€	£
12 August 2019	17,654,072	15,988,410
	17,654,072	15,988,410

The following receipts were received by the company from its subsidiary, Tynevor B.V., relating to dividends after the year end.

Dividends

	€	£
12 August 2019	2,140,170	1,938,245
	2,140,170	1,938,245

FINANCIAL RISK MANAGEMENT

The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk and credit risk. Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet the only financial risks the directors consider relevant to this Company are credit, liquidity and cash flow risk. The risks relating to liquidity and cash flow are mitigated by the routine monitoring of key management information. Credit risk is monitored by the risk department of Société Générale London Branch. They regularly monitor the creditworthiness of clients and will advise the relevant officer in charge of the exposure if there is any deterioration in the credit status (Refer to Note 19).

The Company's policies for managing capital have been disclosed in Note 19.

DIRECTORS

The directors who served during the year were:

N. M. Dent
S. Fowler
L. Sides
S. Cook (resigned 5 April 2019)
P. Shields (appointed 19 March 2018 and resigned 20 May 2019)

GOING CONCERN

The Company has adequate availability of financial resources. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. The directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

REPORT OF THE DIRECTORS (Continued)

LIABILITY INSURANCE FOR COMPANY OFFICERS

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. In addition, the Company maintains liability insurance for its directors and officers.

DISCLOSURE OF INFORMATION PROVIDED TO AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

REAPPOINTMENT OF AUDITOR

Deloitte LLP was reappointed and has expressed its willingness to continue in office. Pursuant to the Company's policy of auditor rotation, Deloitte LLP will remain the Company's auditor until such time as the next auditor rotation period is fixed by the Company's members.

By order of the Board,

K. Balinska-Jundzill
Company Secretary

20 December 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping 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. They 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.

Independent auditors' report to the members of SG Leasing (March) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of SG Leasing (March) Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit 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 which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC") Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors' report to the members of SG Leasing (March) Limited (Continued)

Other information (Continued)

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Report of the Directors.

Independent auditors' report to the members of SG Leasing (March) Limited (Continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ben Jackson FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
20 December 2019

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Continuing Operations			
Revenue	2	100,684	11,934
Interest expense	4c	(46,287)	(24,574)
Gross profit / (loss)		54,397	(12,640)
Other operating income	3	1,084,230	1,142,616
Other gains / (losses)	5	621,313	(570,659)
Operating profit		1,759,940	559,317
Interest receivable	4b	18,948,425	10,354,600
Interest expense	4c	(99,001,573)	(98,460,548)
Investment revenues	6	65,964,279	91,159,047
(LOSS) / PROFIT BEFORE TAXATION	4	(12,328,929)	3,612,416
Tax credit	7	15,935,207	17,675,902
NET PROFIT FOR THE YEAR		3,606,278	21,288,318
Other Comprehensive income			
Other comprehensive income for the year net of tax			
Total comprehensive income for the year net of tax		3,606,278	21,288,318
Profit attributable to:			
Equity holders of the parent		3,606,278	21,288,318
Total comprehensive income attributable to:			
Equity holders of the Company		3,606,278	21,288,318

STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	2019 £	2018 £
ASSETS			
NON-CURRENT ASSETS			
Investment in subsidiaries	8	5,022,367,162	5,253,332,544
Available for sale investments	9	100	100
Finance lease receivables	10	2,374,464	-
Other receivables	11	170,536,342	174,807,099
		5,195,278,068	5,428,139,743
CURRENT ASSETS			
Finance lease receivables	10	2,591,087	-
Other receivables	11	231,692,757	229,769,367
Cash and cash equivalents		31,889,715	27,363,373
		266,173,559	257,132,740
TOTAL ASSETS		5,461,451,627	5,685,272,483
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	12	15,362,952	258,146,033
Other payables	12	48,461,954	35,985,782
		63,824,906	294,131,815
NON-CURRENT LIABILITIES			
Borrowings	12	5,323,248,406	5,320,396,632
Deferred tax liabilities	13	32,788,635	32,760,647
		5,356,037,041	5,353,157,279
TOTAL LIABILITIES		5,419,861,947	5,647,289,094
NET ASSETS		**41,589,680**	**37,983,389**
EQUITY			
Share capital	14	15,000,000	15,000,000
Retained earnings		26,589,680	22,983,389
TOTAL EQUITY AND RESERVES		**41,589,680**	**37,983,389**

The financial statements were approved by the board of directors and authorised for issue on 20 December 2019.
They were signed on its behalf by:

Director N. M. Dent

The notes on pages 13 to 37 form an integral part of the financial statements.
The Company registration number is 0775046.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share Capital	Retained Earnings	Total
	£	£	£
Balance as at 1 April 2017	15,000,000	1,695,071	16,695,071
Comprehensive income for the year	-	21,288,318	21,288,318
Balance as at 31 March 2018	15,000,000	22,983,389	37,983,389
Effect of change in accounting policy for IFRS 9	-	13	13
Balance as at 1 April 2018 - As restated	15,000,000	22,983,402	37,983,402
Comprehensive income for the year	-	3,606,278	3,606,278
Balance as at 31 March 2019	15,000,000	26,589,680	41,589,680

CASH FLOW STATEMENT

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Net cash used in operating activities	18b	(79,936,737)	(245,062,796)
Investing activities			
Interest received		1,344,229	1,359,768
Acquisitions during the year		(7,198,713)	(329,975,868)
Capital contributions during the year		-	(283,768,698)
Dividends received from subsidiaries and available-for-sale investments		63,719,260	89,955,433
Distributions and movements during the year		2,139,236	865,099
Return of capital by subsidiary		214,128,675	390,843,766
Net cash flow generated from / (used in) investing activities		274,132,687	(130,720,500)
Financing activities			
Loans raised		251,274,623	569,283,695
Repayments of borrowings		(440,944,231)	(180,030,882)
Net cash flow (used in) / from financing activities		(189,669,608)	389,252,813
Net increase in cash and cash equivalents		4,526,342	13,469,517
Cash at the beginning of the year		27,363,373	13,893,856
Cash at the end of the year	18a	31,889,715	27,363,373

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below.

(a) Basis of preparation

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have been prepared under the historical cost convention.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 16 "Leases" is effective for annual periods beginning on or after 1 January 2019
- IFRS 17 "Insurance Contracts" is effective for annual period beginning on or after 1 January 2021
- Amendments to IFRS 9 "Prepayment features with negative compensation" effective for annual periods beginning on or after 1 January 2019
- Amendments to IAS 28 "Long-term interests in associates and joint ventures" effective for annual periods beginning on or after 1 January 2019
- Annual improvements to IFRS Standards 2015-2017 cycle "Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements. IAS 12 Income taxes and IAS 23 Borrowing costs effective for annual periods beginning on or after 1 January 2019
- Amendments to IAS 19 Employee benefits effective for annual periods beginning on or after 1 January 2019
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" effective for annual periods beginning on or after 1 January 2019
- IFRIC 23 "Uncertainty over Income tax Treatments" is effective for annual periods beginning on or after 1 January 2019

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Impact of application of IFRS 9 Financial Instruments

In the current year, the Group has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRSs in advance of their effective dates. Details of these new requirements as well as their impact on Company's financial statements are described below.
The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 April 2018. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. Comparative amounts in relation to instruments that have not been derecognised as at 1 April 2018 have not been restated.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The directors' of the Company reviewed and assessed the Company's existing financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 did not result in any significant change in classification and measurement. This is because the financial assets classified as loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

As a result, the Company has recognised £13 ECL on initial adoption of IFRS 9 which was recognised against the opening Retained Earnings during the year.

Classification and measurement of financial liabilities

There are no changes to the classification and measurement of the Company's financial liabilities as these are all still measured at amortised cost.

Impact of application of IFRS 15 Revenue from contracts with customers

During the year, the Company adopted IFRS 15 'Revenue from Contracts with Customers'.
The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specially, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to customers. The Company has assessed the impact on IFRS 15 and concluded there is no significant impact to the financial statements.

Hedging

There is no significant impact on the Company's hedge accounting as it will still be able to designate the hedging for certain investments with corresponding borrowings.

(b) Finance leases

Leases and hire purchase agreements are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Amounts due from lessees under finance leases and hire purchase agreements are recorded as receivables at the amount of the Company's net investment in the leases.

Leases are categorised as assets at amortised costs.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(c) Revenue

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of leases.

Secondary rental income is recognised when the rentals fall due in accordance with the lease agreement.

(d) Interest expense

Interest expense is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash payments through the expected life of the loan to that of the net carrying amount of the loan. The interest expense included as part of gross profit relates to funding in connection with the lease financing activity of the Company; whereas the interest expense after operating profit mainly relates to interest on an intercompany borrowing in conjunction with the investment holding activities of the Company.

(e) Other income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Income received from Partnerships is recognised based on the Company's share of the partnership profits in accordance with the partnership agreement.

Fee income is recognised when the right to receive such income is established and is recorded on an accrual basis.

(f) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Tax is recognised in the profit and loss statement except to the extent that it relates to items recognised in the statement of total recognised gains and losses.

UK corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is accounted for using the balance sheet method.

Deferred tax liabilities are generally recognised for all taxable temporary differences, if any.

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is measured on a non-discounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(g) Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

a) Classification and measurement

On initial recognition, a financial asset that is a debt instrument can be classified as:
- At amortised cost;
- Fair value through other comprehensive income (FVTOCI); and
- Fair value through profit and loss (FVTPL)

A financial asset that is a debt instrument is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest (SPPI).

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

A financial asset is classified and measured at FVTOCI if it is not designated at FVTPL, and if it meets both of the following conditions: (i) it is held for collection of contractual cash flows and for selling the assets, and (ii) its cash flows represent SPPI.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as an asset measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company's financial assets primarily consist of finance leases and classified as at amortised cost

The Company does not hold equity instruments as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

A modification of a financial asset occurs if the contractual cash flows of the financial asset are renegotiated or otherwise modified between initial recognition and maturity of a financial asset. Upon modifications of financial assets, the company first assesses whether the modification is substantial or not. The company follows a set of qualitative or quantitative assessment to identify whether a modification is substantial or not. Where a modification is substantial, the resulting financial asset is derecognised and a new financial asset with revised terms is recognised. The difference between the amount derecognised and the new amount recognised is included in profit or loss as de-recognition gain or loss. If a modification of a financial asset does not result in derecognition the gross carrying amount of the asset is recalculated and a modification gain or loss is recognised in profit or loss.

b) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, finance lease and other receivables. No impairment loss is recognised for investments in equity instruments.

To determine the amount of impairment or provision to be recorded at each reporting date, these exposures are split among three categories based on the increase in credit risk observed since initial recognition. An impairment or provision shall be recognised for the exposures in each category as follows:

Observed deterioration in credit risk since initial recognition of the financial asset

Credit risk category	Stage 1 Performing assets	Stage 2 Under-performing or downgraded assets	Stage 3 Credit impaired or defaulted assets
Transfer criteria	Initial recognition of the instrument in stage 1: *maintained if the credit risk has not increased significantly*	Credit risk on the instrument has increased significantly since initial recognition/ 30 days past due	Evidence that the instrument has become credit impaired/ 90 days past due
Measurement of credit risk	12 - months Expected credit losses	Lifetime Expected credit losses	Lifetime Expected credit losses
Interest income recognition basis	Gross carrying amount of the asset before impairment	Gross carrying amount of the asset before impairment	Net carrying amount of the asset after impairment

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. The company has chosen to adopt a general approach rather than using the simplified method.

(i) Significant increases in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. To identify Stage 2 exposure, the Company uses all available past and forward-looking date (behavioral scores, macroeconomic forecast scenarios, etc) to assess the counterpary's credit risk. A financial asset moves to the stage 2 exposures if its internal credit risk rating decreased by at least two notches in the last 18 months.

(ii) Definition of default
The Company considers the following as constituting an event of default for internal credit management purposes as historical; experience indicated that receivables that meet either of the following are generally not recoverable.

- when there is a breach of financial covenants but the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of any of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets
A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer of the borrower;
- a breach of contract, such as default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

c) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(g) Financial instruments (Continued)

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method. The Company's financial liabilities mostly consist of borrowings and other payables.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Hedge accounting

The Company continues to apply IAS 39 hedge accounting requirements, as permitted under IFRS 9 transitional provisions. The Company designates certain non-derivatives as fair value hedges of foreign currency exchange risk. At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument (loans) and the hedged item (investment), along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in value of hedged risk associated with the hedged item.

Fair value hedges

Any gain or loss on the hedging instrument relating to changes in foreign exchange risk is recognised in the statement of comprehensive income immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

(i) Foreign currencies

Transactions in currencies other than the entity's functional currency (sterling) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Translation differences are dealt with in the statement of comprehensive income and included as part of other gains and losses.

(j) Consolidated financial statements

The directors have decided to take advantage of the exemption under section 400 of the Companies Act 2006 and IAS 27.16 and have not prepared consolidated financial statements for the year on the basis that the ultimate parent Company, Société Générale (incorporated in France), produces consolidated financial statements in accordance with IFRS as adopted by the European Union.

(k) Significant accounting judgements, estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(k) Significant accounting judgements, estimates and assumptions (Continued)

The key judgments concerning the future at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additionally, there are no areas requiring critical accounting estimates.

Taxes

The Company's income tax charge and balance sheet provisions (if any) are judgmental in nature. Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The ultimate tax treatment can only be determined by final resolution with the local tax authorities.

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority while also taking into consideration, where appropriate, expert external advice. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Company's domicile. The final resolution may result in different amounts of cash flows to those initially provided and any necessary adjustments are taken into consideration in the period in which they are identified.
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further details on deferred taxes are disclosed in Note 13.

Impairment of investments in subsidiaries
The Company reviews its investments in subsidiaries for indicators of any impairment at least annually or whenever events or changes in circumstance indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires the determination of a recoverable amount, which, in the case of investments in subsidiaries, is its net asset value. If the carrying amount of the investments in subsidiaries is higher than the net asset value of the subsidiary, an impairment to the asset would be recognised.

Debt/Equity split of the preference share investments

The company has invested in preference shares issued by its subsidiaries. As the terms of the preference shares include provisions which bind the subsidiaries to pay minimum contractual dividends notwithstanding that the ordinary shareholders have the sole right to bind the company into paying additional dividends on the preference shares or offering the shares for early redemption, these feature are characteristic of a compound financial instrument, with both a liability and equity component. As the investor, the Company is required to reflect the same components on its investments. Judgment is applied in terms of the choice of the methods that is used to allocate the value of the investment to both the equity and debt component. Determining the model to use is based on the structure of the expected contractual dividends according to share purchase agreements. Judgment is also used in determining the discount rate to use for the contractual dividends which is reviewed regularly.

NOTES TO THE FINANCIAL STATEMENTS

2. REVENUE

	2019	2018
	£	£
Finance income earned on finance leases	100,684	11,934
	100,684	11,934

The Company's revenue for the current and preceding year was derived from the United Kingdom market.

3. OTHER OPERATING INCOME

	2019	2018
	£	£
Other fee income	1,084,230	1,142,616
	1,084,230	1,142,616

The fee income above includes an amount of arrangement fee of £381,093 (EUR 427,868) (2018: £501,197 (EUR 565,411)) for services provided by the Company under the repurchase agreement. Remaining fee amounting to £703,137 (EUR 796,540) represent fee earned in respect of guarantee issued to a related party (2018: £641,419 (EUR 722,341)).

4. PROFIT / (LOSS) BEFORE TAXATION

The profit / (loss) on ordinary activities before taxation is stated after crediting / (charging):

	2019	2018
	£	£
(a) Auditor's remuneration - audit fees		
Audit fees payable for the audit of the company's annual financial statements amounted to £20,000 (2018: £20,000). These fees are paid by the ultimate parent company, Société Générale.		
(b) Interest receivable. The whole amount receivable is attributable to group companies during the year (Refer to Note 15).	18,948,425	10,354,600
(c) Interest payable. The whole amount payable is attributable to group companies during the year (Refer to Note 15).	(99,047,860)	(98,485,122)

Included in interest receivable is an amount of £17,624,033 (EUR 20,533,651) (2018: £9,023,940 (EUR 10,314,253)) earned on receivable component of preference shares. £1,324,392 (2018: £1,209,253) of the remaining interest receivable relates to the amounts put on term deposits with Société Générale.

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER GAINS AND LOSSES

	2019 £	2018 £
Write-down of investments (Refer to Note 8)	(607,405)	(13,698)
Other income	-	123,119
Other fee expense	(949)	(1,331)
Foreign exchange gain / (loss)	1,230,315	(678,749)
Impairment	(648)	-
	621,313	(570,659)

6. INVESTMENTS REVENUES

	2019 £	2018 £
Dividends received from subsidiaries (Refer to Note 15)	63,719,260	89,955,433
Income from investment in partnership (Refer to Note 8)	2,245,019	1,203,614
	65,964,279	91,159,047

7. TAXATION

(a) Analysis of the tax credit in the year

	2019 £	2019 £	2018 £	2018 £
Corporation tax:				
Corporation tax credit for the year		15,969,817		17,517,667
Adjustments in respect of prior periods		(6,622)		184,925
Total current tax credit		15,963,195		17,702,592
Deferred tax:				
Origination and reversal of temporary differences				
Current year movement	(31,134)		(30,098)	
Effect of change in tax rate	3,146		3,408	
		(27,988)		(26,690)
Tax credit on (loss) / profit on ordinary activities		15,935,207		17,675,902

NOTES TO THE FINANCIAL STATEMENTS

7. TAXATION (Continued)

(b) The total credit for the year can be reconciled to the accounting loss as follows:

	2019 £	2018 £
(Loss) / profit on ordinary activities before taxation	(12,328,929)	3,612,416
Tax on (loss) / profit on ordinary activities at standard rate of 19% (2018: 19%)	2,342,497	(686,359)
Factors affecting the credit:		
Disallowable expenses	(541,961)	(219,968)
Non-taxable credits	15,881,778	19,034,768
Transfer pricing	(1,743,631)	(640,872)
Adjustments in respect of prior periods	(6,622)	184,925
Effect of change in tax rate	3,146	3,408
	15,935,207	17,675,902

8. INVESTMENT IN SUBSIDIARIES

The company has investments in the following subsidiary undertakings all of which have a registered address at One Bank Street, Canary Wharf, London E14 4SG.

	Country of Incorporation	Holding	%
SG Leasing (June) Limited	England and Wales	Ordinary shares	100%
SG Leasing (December) Limited	England and Wales	Ordinary shares	100%
SGFLD Limited	England and Wales	Ordinary shares	100%
SG Leasing (Central 1) Limited	England and Wales	Ordinary shares	100%
SG Leasing (Central 3) Limited	England and Wales	Ordinary shares	100%
Brigantia Investments B.V.	The Netherlands	Ordinary and preference shares	100%
Hordle Finance B.V.	The Netherlands	Ordinary shares	100%
Tynevor B.V.	The Netherlands	Ordinary and preference shares	100%
SG Leasing IX	England and Wales	Ordinary shares	100%
JWB Leasing Limited Partnership	England and Wales	Partnership	99.80%

	2019 £	2018 £
Cost brought forward	5,253,332,544	4,955,989,754
Acquisitions during the year		329,975,868
Brigantia Investments B.V.		329,975,868
Cost c/f	5,253,332,544	5,285,965,622

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (Continued)

	2019 £	2018 £
Cost b/f	5,253,332,544	5,285,965,622
Capital contributions during the year	7,198,713	283,768,698
Brigantia Investments B.V.	7,198,713	283,768,698
Share of profit from partnership:	2,245,020	1,203,614
JWB Leasing Limited partnership	2,245,020	1,203,614
Return of capital	(214,128,675)	(390,843,766)
Brigantia Investments B.V.	(214,128,675)	(390,843,766)
Distributions and movements during the year:	(2,139,236)	(865,099)
JWB Leasing Limited partnership	(2,139,236)	(865,099)
Impairment during the year	(607,405)	(13,698)
SG Leasing (December) Limited	(1)	-
SGFLD Limited	(607,402)	(13,698)
JWB Lease Holdings Limited	(2)	-
FX movements during the year (including fair value hedge adjustments) (Refer to Note 19)	(45,428,589)	60,086,891
Brigantia Investments B.V.	(37,857,548)	51,252,490
Tynevor B.V.	(7,571,041)	8,834,401
Total value of equity investments	5,000,472,372	5,239,302,262
Receivable component of preference shares	4,270,757	5,006,342
Brigantia Investments B.V.	7,287,460	6,007,080
Tynevor B.V.	(3,016,703)	(1,000,738)
Interest receivable on debt component of preference shares	17,624,033	9,023,940
Brigantia Investments B.V.	16,800,034	6,662,519
Tynevor B.V.	823,999	2,361,421
Closing cost balance	5,022,367,162	5,253,332,544

The principal activity of these subsidiary undertakings is the provision of leasing and hire purchase finance with the exception of SG Leasing (Central 1) Limited, Tynevor B.V., Hordle Finance B.V. and Brigantia Investments B.V.

Brigantia Investments B.V.'s principal activity is to act as a preference share issuing platform enabling the Société Générale Group to access short term liquidity. SG Leasing (Central 1) Limited's principal activity is that of an investing company, investing in a variety of partnerships.

Tynevor B.V.'s principal activity is to act as a preference share issuing platform enabling the Société Générale Group to access short term liquidity.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN SUBSIDIARIES (Continued)

Hordle Finance B.V.'s principal activity of the Company is to provide loan financing facilities.

During the year, SG Leasing (Central 1) Limited was placed into liquidation. A final dividend of £308,501 was received (Refer to Note 6).

During the year, SGFLD Limited was place into liquidation. A final dividend of £608,509 was received (Refer to Note 6).

During the year, SG Leasing (March) Limited received amounts from Brigantia Investments B.V. relating to the return of capital and dividends.

Return of capital	€	£
13 August 2018	19,458,214	17,461,801
03 October 2018	43,250,000	38,437,572
05 November 2018	104,950,000	93,476,866
06 November 2018	41,950,000	37,364,026
07 November 2018	30,750,000	27,388,410
	240,358,214	214,128,675

Dividends (Refer to Note 6)	€	£
05 November 2018	50,000	44,534
06 November 2018	50,000	44,534
07 November 2018	50,000	44,534
	150,000	133,602

During the year, SG Leasing (March) Limited received amount from Tyenvor B.V. relating to dividends.

	€	£
13 August 2018	2,033,755	1,825,091
	2,033,755	1,825,091

9. INVESTMENTS IN ASSOCIATES

	2019 £	2018 £
Interests in associates	100	100
	100	100

The investments included:

A 10% share of the issued share capital of Tower Hill Property Investment (7) Limited and Tower Hill Property Investment (10) Limited.

NOTES TO THE FINANCIAL STATEMENTS

10. FINANCE LEASE RECEIVABLES

	Minimum lease payments		Present value of minimum lease payments	
	2019	2018	2019	2018
	£	£	£	£
Amounts receivable under finance leases:				
Within one year	2,727,743	-	2,591,087	-
In the second to fifth years inclusive	2,375,014	-	2,375,112	-
After five years	-	-	-	-
	5,102,757	-	4,966,199	-
Less: unearned finance income	(136,558)	-	-	-
Present value of minimum lease payments receivable	4,966,199	-	4,966,199	-
Loss provision for lease payments	(648)	-	(648)	-
	4,965,551	-	4,965,551	-
Analysed as:				
Non-current finance lease receivables (Recoverable after 12 months)			2,374,464	-
Current finance lease receivables (Recoverable within 12 months)			2,591,087	-
			4,965,551	-

The Company entered into one new lease agreement during the year for the amount of £6,456,699 (2018: £Nil).

Unguaranteed residual values of assets leased under finance leases at the balance sheet date are estimated at £Nil.

The average lease term is 1 year and 9 months, with rentals payable monthly in advance.

The average effective interest rate contracted approximates 3.06% (2018: Nil) per annum.

The fair value of the company's lease receivables approximates to their carrying value.

The Company is not aware of any material items that would affect the credit quality of its financial lease receivables which are neither past due or impaired. The Company has no financial lease receivables whose carrying value would be impaired or considered to be past due but for renegotiation of their terms.

11. OTHER RECEIVABLES

	2019	2018
	£	£
Amounts falling due within one year:		
Amounts due from group companies (Refer to Note 15)	213,324,227	221,891,146
Interest due from group companies (Refer to Note 15)	244,751	264,588
Other debtors	11,937,092	105,010
Corporation tax	6,186,687	7,508,623
	231,692,757	229,769,367

NOTES TO THE FINANCIAL STATEMENTS

11. OTHER RECEIVABLES (Continued)

	2019 £	2018 £
Amounts falling due after one year:		
Investments in preference shares - debt component (Refer to Note 8)	170,536,342	174,807,099
	170,536,342	174,807,099

Deposits are placed at an interest rate ranging from 0% to 5.29% with their maturity ranging from under one month to 1 year.

Investments in preference shares – debt component are recorded in Euro currency at EUR 170,536,342 (2018: EUR 218,598,236), this amount includes an interest component amounting to £17,624,033 (2018: £9,023,940) which has been recorded in the statement of comprehensive income.

Included in the other receivables above is a receivable component relating to the preference shares, these carry an interest rate of 6.75% into perpetuity.

The directors consider that the carrying amount of other receivables approximates their fair value.

The carrying values of the component of preference shares classified as receivables are considered to be a reasonable approximation of fair value.

12. BORROWINGS AND OTHER PAYABLES

	2019 £	2018 £
Amounts falling due within one year:		
Borrowings owed to group undertakings (Refer to Note 15)	15,362,952	258,146,033
Interest payable to group undertakings (Refer to Note 15)	35,269,776	35,981,407
Amounts owed to group undertakings (Refer to Note 15)	13,192,178	4,375
	63,824,906	294,131,815
Amounts falling due more than one year:		
Borrowings owed to group undertakings (Refer to Note 15)	5,323,248,406	5,320,396,632
	5,323,248,406	5,320,396,632
Total borrowings and other payables	5,387,073,312	5,614,528,447

Analysis of borrowings and other payables by currency:

EUR	£	£
Borrowings and interest with group undertakings	2,782,204,409	3,022,990,280
Repurchase agreement and interest with group undertakings	-	-
	2,782,204,409	3,022,990,280

NOTES TO THE FINANCIAL STATEMENTS

12. BORROWINGS AND OTHER PAYABLES (Continued)

GBP	£	£
Borrowings and interest with group undertakings	2,591,676,725	2,591,533,792
Amounts owed to group undertakings	13,192,178	4,375
	2,604,868,903	2,591,538,167
Total borrowings and other payables	5,387,073,312	5,614,528,447

Loans are taken at an interest rate ranging from 0% to 2.02% with their maturity ranging from under one month to December 2024.

The directors consider that the fair value of the EUR fixed rate loans to be £2,670,311,999 (2018: £2,881,986,744). The carrying value of these loans amounted to £2,589,251,320 (2018: £2,825,654,473) and form part of the borrowings and interest with related parties balance above. These are classified as level 2 category in the fair value hierarchy.

The directors consider that the remaining carrying amount of other payables approximates their fair value.

13. DEFERRED TAXATION

	2019 £	2018 £
(a) Analysis of deferred tax liabilities / (assets)		
Accelerated capital allowances	32,788,635	32,760,647
	32,788,635	32,760,647
(b) Analysis of movement in provision		
Provision at beginning of year	32,760,647	32,733,957
Profit and loss charge for the year	27,988	26,690
Deferred tax liabilities at the end of the year	32,788,635	32,760,647

(c) Deferred tax not provided

Deferred tax has been provided in respect of all potential tax liabilities and assets.

The company acquired a 99.8% partnership interest in the JWB Leasing Limited Partnership during the previous year, which required it to recognise a deferred tax liability of £32.7m.

Legislation was introduced in Finance Act 2016 to reduce the main rate of corporation tax to 17% from 1 April 2020. This reduction is taken into account in calculating the deferred tax liability disclosed in the accounts.

The directors estimate that the effect of these changes will be to reduce the Company's deferred tax liability by £Nil (2018: £Nil).

NOTES TO THE FINANCIAL STATEMENTS

14. SHARE CAPITAL

	2019 £	2018 £
Authorised, issued and fully paid:		
15,000,000 ordinary shares of £1 each, fully paid	15,000,000	15,000,000

The Company has one class of ordinary shares which carry no right to fixed income.

15. RELATED PARTY TRANSACTIONS

During the year, the company entered into the following transactions with related parties within the group.

	Amounts owed by related parties		Amounts owed to related parties	
	2019 £	2018 £	2019 £	2018 £
Société Générale London (including cash balances)	211,219,998	210,163,408	2,929,648,245	2,987,998,909
Société Générale	34,238,695	34,259,728	-	-
Sogelease BV	-	5,095,970	-	-
Hordle Finance B.V.	-	-	2,444,232,887	2,444,030,479
Eiffel Limited	-	-	-	1
Brigantia Investments B.V.	-	157,873,225	-	-
Tynevor B.V.	-	16,933,874	-	-
	245,458,693	424,326,205	5,373,881,132	5,432,029,389

	Write-down of investments	
	2019 £	2018 £
SG Leasing (December) Limited	1	-
SGFLD Limited	607,402	13,698
JWB Lease Holdings Limited	2	-
	607,405	13,698

	Group interest paid		Group interest received	
	2019 £	2018 £	2019 £	2018 £
Société Générale London	25,168,777	24,427,991	196,358	97,600
Société Générale	-	-	1,119,807	1,209,253
Sogelease BV	-	-	8,228	20,298
Brigantia Investments B.V.	-	-	16,800,034	6,666,027
Tynevor B.V.	-	-	823,998	2,361,422
Hordle Finance B.V.	73,879,083	73,879,083	-	-
SG Leasing (December) Limited	-	178,048	-	-
	99,047,860	98,485,122	18,948,425	10,354,600

NOTES TO THE FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS (Continued)

	Dividends paid		Dividends received	
	2019	2018	2019	2018
	£	£	£	£
Brigantia Investments B.V.	-	-	133,602	132,716
Tynevor B.V.	-	-	1,825,091	2,290,368
Hordle Finance B.V.	-	-	60,843,557	61,069,199
SG Leasing (December) Limited	-	-	-	26,419,060
JWB Lease Holdings Limited	-	-	-	44,090
SG Leasing (Central 1) Limited	-	-	308,501	-
SGFLD Limited	-	-	608,509	-
	-	-	63,719,260	89,955,433

All the above mentioned companies, with the exception of Sogelease BV, share common directors with SG Leasing (March) Limited.

All the above mentioned companies, with the exception of Sogelease BV and Société Générale London are subsidiaries of SG Leasing (March) Limited whose immediate holding company is Société Générale Investments (U.K.) Limited.

Société Générale London is a branch of Société Générale, which is incorporated in France.

The ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Société Générale (Refer to Note 17).

Sogelease BV is incorporated in the Netherlands and is a subsidiary of Société Générale.

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions.

The amounts outstanding are unsecured and have fixed dates of repayment, settlement occurs in cash.

For the year ended, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2018: £Nil).

No guarantees were received.

Remuneration of key management personnel

The remuneration of the directors, has been set out in Note 16.

Directors' transactions

There were no loans, quasi-loans or any other transactions carried out with the directors during the year (2018: £Nil).

16. EMPLOYEES COST AND DIRECTORS' EMOLUMENTS

The directors received no emoluments for services to the Company or Société Générale Investments (U.K.) Limited during the year (2018: £Nil).

None of the directors had any material interest in any contract in relation to the business of the Company.

The Company does not have any employees for 2019 and 2018. All personnel who perform services are employed and remunerated by Société Générale London Branch.

NOTES TO THE FINANCIAL STATEMENTS

17. HOLDING AND CONTROLLING COMPANY

The Company is a subsidiary of Société Générale Investments (U.K.) Limited which is incorporated in the United Kingdom and registered in England and Wales.

The Company's ultimate holding Company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Société Générale, which is incorporated in France. Copies of the group accounts of Société Générale are available from the registered office at 29, Boulevard Haussmann, 75009 Paris, France.

18. NOTES TO THE CASH FLOW STATEMENT

	2019 £	2018 £
(a) Reconciliation of cash		
Cash at bank and in hand	5,889,715	1,363,372
Short - term bank deposits	26,000,000	26,000,000
(b) Reconciliation of profit / (loss) to cash from operating activities		
(Loss) / profit on ordinary activities before tax	(12,328,929)	3,612,416
Adjusted for:		
Interest expense	99,047,860	98,485,122
Interest receivable	(18,948,425)	(10,354,600)
Investment revenues	(65,964,279)	(91,159,047)
Impairment	13	-
Write-down of investments	607,405	13,698
Foreign exchange movement on subsidiary investments	45,428,589	(60,086,891)
Foreign exchange movement on foreign currency loans	(50,261,700)	55,319,719
Operating cash flows before working capital changes	(2,419,466)	(4,169,583)
(Increase) / decrease in finance lease receivables	(4,965,551)	870,753
Increase in other receivables	(3,265,163)	(176,741,827)
Increase / (decrease) in other payables	13,187,803	(19,034,524)
Cash flow from / (used in) operations	2,537,623	(199,075,181)
Interest paid	(99,759,491)	(97,351,236)
Income taxes received	17,285,131	51,363,621
Net cash flow used in operating activities	(79,936,737)	(245,062,796)

Cash consists of demand deposits placed with banks. Cash equivalents consist of short term deposits placed with bank counterparties with original maturities of 3 months or less

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS

The management of risks in relation to financial instruments is an integral part of Société Générale's (The Group) corporate culture. The risks encountered by the Company are managed on its behalf by Société Générale. The main risks incurred in the Company's activities are as follows:

i) Credit Risk

The Company's principal financial assets exposed to credit risk are other receivables and cash and cash equivalents. The Company is exposed to credit risk to the extent that its counterparties may experience financial difficulty and would be unable to meet their obligations. To mitigate exposure to credit risk The Group has a risk approval process that is based on six principles:

- all transactions giving rise to a counterparty risk must be authorised in advance;
- all requests for authorisations relating to a specific client or client group are handled by a central operating division called the Risk Division. This division is designated, on a case by case basis, to ensure a consistent approach to risk management and the permanent control of Société Générale's potential exposure;
- systematic recourse to internal risk ratings. These ratings are provided by the operating divisions that are able to enter into financial exposure with a client and are validated by the Risk Division; they are included in all loan applications and are considered as part of the decision process regarding the issue of a loan;
- responsibility for analysing and approving risk is delegated to specific credit risk units, and
- risk assessment departments are fully independent at each decision making level.

The Risk Division aims to increase Société Générale's expertise by centralising the analysis of the quality of Société Générale's counterparties and the approval of exposure limits allocated to all locations and business lines.

The maximum credit risk that the Company is exposed to, without taking into account any collateral held or other credit enhancements, is the gross carrying amount of other receivables granted and cash and cash equivalents. The gross carrying amounts are declared in the balance sheet and the notes to the accounts.

The underlying assets financed under finance leases are held as collateral and remain in the ownership of the Company. These assets can be potentially called upon as security. The Company has entered into finance leasing arrangements in vessels, machinery and equipment.

The Company is not aware of any material items that would affect the credit quality of its financial assets. The Company has no financial assets whose carrying value would be impaired or considered to be past due but for renegotiation of their terms.

ii) Market Risk: Interest Rate Risk and Sensitivity Analysis

As the principal business of the Company is lease financing it has a potential market risk exposure to movements in interest rates. Société Générale's policy is to concentrate interest rate risks within the capital market activities. These are monitored and controlled by The Group using 'Value at Risk' assessment models.

Therefore the Company is constrained from entering into transactions where there is a significant interest rate exposure. If a fixed rate lease or loan is entered into by the Company it must be financed on an equal fixed rate basis with one of the dedicated market teams. As this effectively hedges any interest rate risk exposure there is no sensitivity to interest rate movements in the Company's accounts.

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve.

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (Continued)

iii) Currency Risk

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company's exposure to foreign currency risk is due to the, Investments in Euros (in Note 8) and the related funding (in Note 12) as well as cash account balances which have all been translated into Sterling at the year end closing rate. While the Company has material currency exposures, it applies the group principles in respect of the management of currency risk: currency assets are match funded with liabilities in the same currency. Currency profit and losses are hedged at spot rates.

iv) Fair Values

Where the interest rate fixing date of loans, receivables and lease financing transactions are less than one year they are considered to approximate their carrying value due to the short-term nature of these instruments.

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve.

Available for sale investments are recognised at their fair value. Where the investments are listed the basis of measurement is the quoted market price. Where there is no quoted price available the net asset value or a discounted cash flow is utilised.

v) Fair value hedges

The investment in subsidiaries is accounted for at cost, in order to finance its investment the Company enters into borrowings with group undertakings. In accordance with the risk management strategy, the amounts as well as the currency of the borrowings match the underlying investment. The Company's borrowings owned to group undertakings are designated as fair value hedges in respect of foreign exchange risk incurred on its investment.

Subject to additional issuances during the year, the company would increase the amount of borrowings by the same value. The movement in the Company's investment, the hedged item, would have corresponding matching movement in the hedging item.

There may be instances where the cash flows from dividends receipts are used to pay off the interest accruing on the hedge instrument, resulting in some inefficiencies. During the period however, the hedge was highly effective in hedging the fair value exposure to foreign exchange movements and as a result the carrying amount of the investment in subsidiary was adjusted by a loss of £44,084,923 (2018: gain of £55,014,240), which was included in profit or loss at the same time that the gains and losses due to foreign exchange movements on borrowings were included in profit or loss.

The ineffectiveness of the hedge results in a loss of £157,368 (2018: loss of £349,495) and is included in the foreign exchange loss (Refer to Note 5).

The following investments and borrowings are subject to fair value hedge designation, please refer to note 12 for borrowing and note 8 for investments in subsidiaries.

Fair value hedges

		EUR	GBP
Borrowings	Hedging instruments	3,016,549,525	2,589,104,457
Investments in equity instruments	Hedged item	2,961,195,207	2,541,593,846

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (Continued)

v) Fair value hedges (continued)

	2019	2018
	£	£
(Losses) / Gains arising on adjustments for the hedged item	(44,084,923)	55,014,240
Gains / (Losses) arising on non-derivative hedging instruments	46,798,709	(59,577,354)

The gain and loss arising on adjustment for the hedged item in a designated fair value hedge relationship relates to an investment in subsidiaries, details of which are disclosed in note 8.

vi) Liquidity Risk

The principles and standards applicable to the management of liquidity risk are defined at Group level. The Company is responsible for managing its own liquidity and for respecting any liquidity constraints locally or those provided by the Asset Liability Management Department, a dedicated division that manages liquidity in the Group overall.

The Company's financial liabilities are primarily in the form of intercompany borrowings from Société Générale's treasury teams. Access to source of funding is sufficiently available at Group level.
The financial liabilities declared below include intercompany balances with, and subsidiaries of, the Company's parent Société Générale Investments (U.K.) Limited.

(a) Maturity analysis of financial liabilities

	Less than 1 year		1 year to 5 years		Greater than 5 yea	
	2019	2018	2019	2018	2019	2018
	£	£	£	£	£	£
Financial liabilities						
Borowings and interest owed to group undertakings	50,632,728	294,127,440	5,323,248,406	5,320,396,632	-	
Amounts owed to group undertakings	13,192,178	4,375	-	-	-	
	63,824,906	294,131,815	5,323,248,406	5,320,396,632	-	

The above being the undiscounted cash flow expected to be made.

(b) Financial assets and liabilities held at amortised cost

	2019	2018
	£	£
Financial assets	432,897,678	424,431,316
Financial liabilities	5,387,073,312	5,614,528,447

It is Société Générale's treasury teams which ultimately manage the liquidity exposure of The Group. The objective is to finance the Group's activities at the best possible rates under normal conditions and ensure it can meet its obligations in the event of a crisis.

NOTES TO THE FINANCIAL STATEMENTS

19. FINANCIAL INSTRUMENTS (Continued)

vii) Concentration Risk

Although the Company's assets are concentrated by geography, type of client and economic sector this is ameliorated by its parent Company, Société Générale Investments (U.K.) Limited, which through its other subsidiaries, achieves suitable diversification.

Majority of the Company's exposure is related to its subsidiaries and affiliates and the exposure is summarised in Note 15.

viii) Capital Management Policies and Procedures

The Company's capital management objectives are:

- To ensure the Company's ability to continue as a going concern; and
- To provide an adequate return to shareholders.

The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital structure

	2019	2018
	£	£
Share capital	15,000,000	15,000,000
Retained earnings	26,589,667	22,983,389
Total capital	41,589,667	37,983,389

20. POST BALANCE SHEET EVENT

After the year end, the following receipts were received by the company from its subsidiary, Brigantia Investments B.V., relating to the return of the capital and dividends after the year end.

Return of capital

	€	£
12 August 2019	17,654,072	15,988,410
	17,654,072	15,988,410

Dividends

	€	£
12 August 2019	50,000	45,283
12 August 2019	50,000	45,283
12 August 2019	50,000	45,283
	150,000	135,84 9

The following receipts were received by the company from its subsidiary, Tynevor B.V., relating to dividends after the year end.

NOTES TO THE FINANCIAL STATEMENTS

20. POST BALANCE SHEET EVENT (Continued)

Dividends

	€	£
12 August 2019	2,140,170	1,938,245
	2,140,170	1,938,245