

BNP PARIBAS NET LIMITED

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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REGISTERED NUMBER: **1557788**

BNP PARIBAS NET LIMITED

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BNP PARIBAS NET LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their Strategic report of BNP Paribas Net Limited (the "Company") for the year ended 31 December 2017.

Principal activities

The principal activity of the Company is the provision of international telecommunication services to BNP Paribas group undertakings.

Review of the business

As shown in the Company's income statement, profit for the year was £0.3 million (2016: £0.6 million).

Shareholders' funds for the year ended 31 December 2017 were £1.7 million (2016: £1.3 million).

No interim dividend was paid during the year (2016: £4 million).

Business development and performance

The provision of telecommunication services to BNP Paribas group companies continues to be the core business.

Principal risk and uncertainties

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk.

Refer to note 2 for more details on financial risk management.

Strategic aims

The Company aims to provide sustainable returns to its immediate parent undertaking, BNP PUK Holding Limited.

Future developments

The Directors will continue to actively manage the Company and consider suitable future business opportunities. The Company will continue to provide telecommunication services to BNP Paribas group undertakings. The Company's plans for 2018 are to continue to improve customer service, organic expansion matched by that of BNP Paribas, the ultimate parent undertaking, and to reduce telecom carrier costs and the number of suppliers.

The Company expects to incur higher capital expenditure investments in the next three years to support the needs of the Company's clients, the funding of which may require a loan or capital increase.

The Company has instigated a study to assess the impact of Brexit on the future domicile of the Company, its operations and contractual obligations to its clients.

On behalf of the Board



HAOU MONCEAU

Director

8 June 2018

BNP PARIBAS NET LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2017.

The Company is a wholly owned subsidiary undertaking of BNP PUK Holding Limited. The ultimate parent undertaking is BNP Paribas, a Company incorporated in France. The Company is incorporated in the United Kingdom and registered in England and Wales.

Future developments

Refer to note under the Strategic report on page 2.

Overview of Risk Management

The Directors are responsible for identifying risks to which the Company is exposed and for implementing a risk management programme. Financial risk is considered to have the highest potential for a loss event and is explained in further detail below.

Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Refer to note 2 for more details on financial risk management.

Dividends

The Company did not pay an interim dividend during the year (2016: £4 million).

The Directors do not recommend the payment of a final dividend (2016: £ nil).

Charitable and political donations

During the year, there were no charitable or political contributions made by the Company (2016: £ nil).

Directors

The Directors holding office during the year and to the date of this report were:

Bruno Fennebresque	(Appointed 15 August 2017)
Jean-Michel Garcia	(Resigned 03 November 2017)
Rakesh Gupta	(Appointed 15 August 2017)
Philippe Laniesse	(Resigned 16 August 2017)
Hadi Monceau	
Ketan Jayantilal Shah	
Marc-Michel Stack	

BNP PARIBAS NET LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017 (continued)

Directors' third party indemnity provisions

BNP Paribas, the ultimate parent undertaking, has put in place qualifying third party indemnity provisions in the form of a Directors and Officers' insurance policy, for the benefit of the Company's Directors, effective throughout the year, and which remain in force at the date of this report.

Going concern and liquidity

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

The Company has adequate financial resources in the form of cash and cash equivalents, and trade and other receivables, which more than cover any payables under which it is currently obligated.

Independent Auditors and disclosure of information to auditors

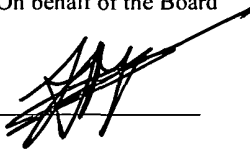
PricewaterhouseCoopers LLP will continue to hold office in accordance with Section 487 of the Companies Act 2006.

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

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

On behalf of the Board



HADI MONCEMA

Director

8 June 2018

BNP PARIBAS NET LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRS as adopted by the European Union 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.

BNP PARIBAS NET LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BNP PARIBAS NET LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, BNP Paribas Net Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the income statement, the statement of cash flows, the statement of changes in equity for the year ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

BNP PARIBAS NET LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BNP PARIBAS NET LIMITED (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

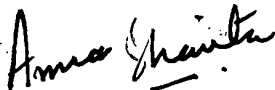
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Amena Shaista (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
8 June 2018

BNP PARIBAS NET LIMITED**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £'000	2016 £'000
Revenue	3	15,464	16,085
Cost of sales	4	(13,848)	(14,881)
Gross Profit		1,616	1,204
Other expenses	5	(23)	(18)
Operating profit		1,593	1,186
Profit on sale of fixed assets		-	1
Interest income	6	39	81
Interest expense	7	(26)	(66)
Impairment of trade receivables		(627)	(56)
Profit before taxation	8	979	1,146
Taxation	10	(638)	(574)
Profit for the year		341	572

The profit for both years is wholly derived from continuing operations.

There was no other comprehensive income for the year ended 31 December 2017 or the prior year.

BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	31 December 2017 £'000	31 December 2016 £'000
ASSETS			
Non-current assets			
Deferred tax asset	11	268	291
Property, plant and equipment	12	1,753	724
Total non-current assets		2,021	1,015
Current assets			
Trade and other receivables	13	6,408	5,447
Cash and cash equivalents	14	424	5,201
Total current assets		6,832	10,648
TOTAL ASSETS		8,853	11,663
EQUITY			
Share capital	16	500	500
Retained earnings		1,164	823
TOTAL EQUITY		1,664	1,323
LIABILITIES			
Current liabilities			
Trade and other payables	15	5,798	5,165
Borrowings	14	1,391	5,175
Total current liabilities		7,189	10,340
TOTAL LIABILITIES		7,189	10,340
TOTAL EQUITY AND LIABILITIES		8,853	11,663

The financial statements on pages 8 to 25 were approved by the Board of Directors on 8 June 2018 and were signed on its behalf and authorised for issue by:



HADI MONCEAU

Director

BNP PARIBAS NET LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Opening balance 1 January 2016		500	4,251	4,751
Profit for the year		-	572	572
Dividend on ordinary shares	9	-	(4,000)	(4,000)
<hr/>				
At 31 December 2016		500	823	1,323
<hr/>				
Opening balance 1 January 2017		500	823	1,323
Profit for the year		-	341	341
<hr/>				
At 31 December 2017		500	1,164	1,664

BNP PARIBAS NET LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	Restated* 2016 £'000
Cash flows from operating activities			
Profit before taxation		979	1,146
Adjustments for:			
— interest income	6	(39)	(81)
— interest expense	7	26	66
— depreciation	12	573	323
— profit on writedown of fixed assets		-	(1)
— foreign exchange (gain)/loss		(5)	6
— impairment for trade receivables		627	56
Changes in working capital:			
Changes in working capital excluding interest and taxation:			
— increase in trade and other receivables excluding allowances for doubtful debts		(1,706)	(1,004)
— increase in trade and other payables		728	1,748
Cash flows generated from operating activities		1,183	2,259
Interest received		39	83
Interest paid		(33)	(75)
Irrecoverable withholding tax		(376)	(397)
Tax paid		(321)	(146)
Net cash flows generated from operating activities		492	1,724
Cash flows from investing activities			
Purchase of fixed assets	12	(1,602)	(386)
Proceeds from sale of fixed assets		-	12
Net cash flows used in investing activities		(1,602)	(374)
Net cash flows (used in) / generated from operating and investing activities		(1,110)	1,350
Cash flows from financing activities			
Interim dividend paid	9	-	(4,000)
Net cash flows used in financing activities		-	(4,000)
Net decrease in cash and cash equivalents		(1,110)	(2,650)
Cash and cash equivalents at 1 January		26	3,262
— foreign exchange (gain)/loss on cash and deposits held in foreign currency		117	(586)
Cash and cash equivalents at 31 December	14	(967)	26
Reconciliation of cash and cash equivalents			
Cash and cash equivalents		424	5,201
Borrowings		(1,391)	(5,175)
Net cash and cash equivalents at 31 December	14	(967)	26

*The 2016 Statement of Cash Flows has been restated to disclose the £586,000 impact of foreign exchange gain on cash and deposits held in foreign currency, previously disclosed within profit before taxation, and materially offset by losses on working capital positions. Cash flows from operating activities now disclose £6,000 foreign exchange loss through profit, £601,000 foreign exchange gain on trade receivables and £15,000 foreign exchange loss on trade payables.

BNP PARIBAS NET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied during the period presented, unless otherwise stated.

a) Basis of preparation

These financial statements have been prepared in accordance with United Kingdom law and International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRS IC interpretations. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(b).

There are no new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2017, that have material effect on the financial statements as at 31 December 2017.

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the Company. None of these are expected to have a significant effect on the financial statements of the Company, except for the following impact as set out below:

IFRS 9 Financial Instruments, provides revised guidance on the classification and measurement of financial assets, introduces a new expected credit loss model for calculating impairment and incorporates final general hedge accounting requirements. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Company has assessed the impact of this standard and does not expect it to have a significant effect on the financial statements of the Company.

IFRS 15 Revenue from contracts with customers will replace IAS 18 which covers contracts for good and services and IAS 11 which covers construction contracts. A new five-step process must be applied before revenue can be recognised. The impact assessment of IFRS 15 revenue recognition principles was completed and it was determined that there will be no significant impact on the Company’s revenue recognition practices.

IFRS 16 Leases will result in the recognition of almost all leases on balance sheet and removes the current distinction between operating and financing leases. The Company is currently assessing the impact of this standard.

There are no other IFRSs or IFRS IC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Going concern and liquidity

As noted in the Directors’ report, the Directors have at the date of approving the financial statements a reasonable expectation that the Company will continue to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

BNP PARIBAS NET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies (continued)

b) Critical accounting estimates and judgements

The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements.

c) Revenue recognition

(i) Revenue

Revenue arises from telecommunication service charges invoiced to subsidiaries of BNP Paribas, the ultimate parent undertaking.

(ii) Interest income and expense

Interest income arises from cash and cash equivalents. Interest expense arises from financing activities. Interest income and expense are recognised in the income statement using the effective interest rate method.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Sterling, which is the Company's functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

e) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and provisions for impairment. Telecommunications equipment is depreciated on a straight-line basis over three to five years.

f) Impairment of property, plant and equipment

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of fair value less cost to sell or value in use.

The carrying values of property, plant and equipment are written down by the amount of any impairment, and this loss is recognised in the income statement in the year in which it occurs.

g) Trade and other receivables

Trade and other receivables are recognised at fair value and are subsequently measured at amortised cost. It is the policy of the Company to establish, through charges in the income statement, an impairment allowance in respect of irrecoverable assets.

BNP PARIBAS NET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

h) Trade and other payables

Trade and other payables are recognised at fair value and are subsequently measured at amortised cost.

i) Share capital and dividends

Ordinary shares and capital contributions that evidence a residual interest in the assets of the Company after deducting all of its liabilities are classified as equity instruments. Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

j) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered), using tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability that at the time of the transaction affects neither the accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

k) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, intra-group balance repayable on demand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

l) Finance and operating leases

IAS 17 Leases requires a lease to be classified as either a finance lease or an operating lease. A finance lease exists if substantially all the risks and rewards are transferred to the lessee. Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Operating lease rentals payable and receivable are recognised on a straight line basis as an expense or income respectively over the lease term.

m) Provision policy

The Company assesses at each reporting date whether there is objective evidence that a debtor, other than those at fair value through profit and loss are impaired. An impairment exists if one or more loss events that has occurred since initial recognition of the debtor, has an impact on the estimated future cash flows of the debtor and can be reliably measured.

BNP PARIBAS NET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance

a) Credit risk

The Company takes on exposure to credit risk that a counterparty will cause a financial loss for the Company by failing to discharge an obligation. Credit risk exposures arise on trade and other receivables and cash and cash equivalents.

These assets represent exposures to other group undertakings. The Directors continue to monitor this exposure.

Maximum exposure to credit risk before collateral held or credit enhancements

	2017	2016
	£'000	£'000
Trade and other receivables	6,408	5,447
Cash and cash equivalents	424	5,201
	6,832	10,648

The above table represents a worst case scenario of credit risk exposure for the Company at 31 December 2017 and 2016. The exposures set out above are based on the carrying amounts as reported in the balance sheet. No collateral is held against these exposures.

Financial assets past due but not impaired

There were £1.6 million of financial assets that were past due but not impaired (2016: £1.8 million). This exposure is to BNP Paribas group undertakings. The ageing analysis of these trade receivables is as follows:

	2017	2016
	£'000	£'000
3 to 6 Months	1,197	788
6 to 12 Months	403	925
Over 12 Months	44	53
	1,644	1,766

BNP PARIBAS NET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. The Company is exposed to liquidity risk on its trade and other payables and borrowings.

Prudent liquidity risk management is achieved by maintaining sufficient cash and trade and other receivables. In addition, the Company has access to additional funds from the ultimate parent undertaking, if required.

The table below presents the cash flows payable by the Company by remaining contractual maturity at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2017	Up to 3 Months	3 to 6 Months	6 to 12 Months	1- 5 Years	Total
	£'000	£'000	£'000	£'000	£'000
Financial Liabilities					
Borrowings	1,391	-	-	-	1,391
Trade payables	5,401	-	-	-	5,401
Interest payable	-	-	3	-	3
Other payables	28	-	-	-	28
Total Liabilities	6,820	-	3	-	6,823
<hr/>					
At 31 December 2016	Up to 3 Months	3 to 6 Months	6 to 12 Months	1- 5 Years	Total
	£'000	£'000	£'000	£'000	£'000
Financial Liabilities					
Borrowings	5,175	-	-	-	5,175
Trade payables	4,684	-	-	-	4,684
Interest payable	-	-	10	-	10
Other payables	23	-	-	-	23
Total Liabilities	9,882	-	10	-	9,892

2. Risk management (continued)

c) Market risk

The Company's activities potentially expose it to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arises from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as foreign exchange rates and interest rates.

(i) Foreign exchange risk

The Company incurs costs and earns revenues in foreign currencies. As a result, the Company is exposed to foreign exchange risk, however this is mitigated by matching of its currency assets and liabilities. Any residual position is transferred to BNP Paribas, the ultimate parent undertaking on a monthly basis.

(ii) Interest rate risk

The Company is exposed to cash flow interest rate risk on its floating rate cash and cash equivalents and borrowings. It is the opinion of the Directors that the cash flow interest rate risk arising on financial instruments is insufficient to require hedging.

Interest rate risk sensitivity

The sensitivity analysis below have been determined based on the following assumptions:

- the exposure to interest rates is on all financial instruments held at the balance sheet date;
- the stipulated change took place at the beginning of the financial year and held constant throughout the reporting year;
- instruments that reprice within a period of six months are considered variable while those that reprice after six months are considered fixed;
- a reasonably conservative rate change.

The sensitivity analysis shown below is representative of the risks inherent in the Company's financial instruments. The methods and assumptions used to prepare the sensitivity analysis are consistent for both reporting years.

If interest rates had been 100 (2016: 100) basis points higher and all other variables were held constant, the Company's profit for the year ended 31 December 2017 would increase by £9,670 (2016: increase by £255). This is attributable to the Company's exposure to interest rates on its floating rate assets and liabilities.

A 100 basis point decrease in interest rates would have an inverse effect on profit or loss and equity.

3. Revenue

Revenue comprises monies received and receivable in relation to telecommunication services provided to branches and companies in the BNP Paribas group worldwide. All income is stated net of value added tax ('VAT') and arises from continuing activities.

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****4. Cost of sales**

	2017	2016
	£'000	£'000
Consultancy fees	(217)	(522)
Operating lease rentals	(10,847)	(12,426)
Service costs	(1,787)	(1,589)
Depreciation	(573)	(323)
Other costs	(424)	(21)
	(13,848)	(14,881)

5. Other expenses

	2017	2016
	£'000	£'000
Foreign exchange gain / (loss)	5	(6)
Bank levy	-	(2)
Audit fees	(28)	(10)
	(23)	(18)

Auditors' remuneration in respect of audit fees for 2017 of £20,000 (2016: £10,410). There are no fees relating to other services provided by the Company's auditors.

6. Interest income

	2017	2016
	£'000	£'000
Interest income	39	81

Interest income is earned on cash and cash equivalents at an average annual interest rate of 0.31% (2016: 0.08%).

BNP PARIBAS NET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

7. Interest expense

	2017	2016
	£'000	£'000
Interest expense	(26)	(66)

Interest expense is charged on borrowings with BNP Paribas, the ultimate parent undertaking, at an average annual rate of 0.27% (2016: 0.12%).

8. Profit before taxation

The following costs have not been included in arriving at profit before taxation:

a) Services provided by the ultimate parent undertaking

As a wholly owned subsidiary of the BNP Paribas group, the Company is provided with management, support and infrastructure services by BNP Paribas, the ultimate parent undertaking. It is not possible to make an accurate apportionment of the costs attributed to providing these services. Accordingly no recharge is made to the Company in respect of these services.

b) Directors' emoluments

The Directors provide services to the Company, BNP Paribas, the ultimate parent undertaking and a number of fellow subsidiary undertakings. The emoluments of all Directors in the current and prior year are paid by BNP Paribas, the ultimate parent undertaking. The ultimate parent undertaking makes no recharge to the Company as it is not possible to make an accurate apportionment of Directors' emoluments in respect of each of the subsidiaries.

c) Number of employees

The Company had no employees during the year to 31 December 2017 (2016: none).

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****9. Dividend**

	2017	2016
	£'000	£'000
Interim dividend on ordinary shares	-	(4,000)

On 31 May 2016, the Directors declared and paid an interim dividend of £8 per ordinary share. Directors do not recommend the payment of a final dividend (2016: £ nil).

10. Taxation**(a) Analysis of tax charge in the year**

	2017	2016
	£'000	£'000
Current tax:		
UK corporation tax on profits for the year	(213)	(127)
Foreign tax	(376)	(397)
Adjustments in respect of prior years	(26)	-
Tax charge	(615)	(524)
Deferred tax:		
Origination and reversal of timing differences	(23)	(35)
Impact on change in tax rate	-	(15)
Deferred tax charge	(23)	(50)
Total tax charge for the year	(638)	(574)

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****10. Taxation (continued)****(b) Factors affecting tax charge for the year**

The tax assessed for the year is higher (2016: higher) than the profit on ordinary activities before taxation multiplied by the rate of corporation tax in the UK of 19.25% (2016: 20%).

The charge for the year can be reconciled as follows:

	2017 £'000	2016 £'000
Profit before taxation	979	1,146
Profit before tax multiplied by corporation tax in the UK of 19.25% (2016: 20%)	(188)	(229)
<i>Effects of:</i>		
Tax rate changes on deferred tax balances	-	(15)
Foreign tax	(303)	(319)
Prior year adjustments	(26)	-
Provision for impairment not deductible	(121)	(11)
Tax charge for the current year	(638)	(574)

11. Deferred tax asset

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2016: 19%).

	31 December 2017 £'000	31 December 2016 £'000
Opening balance at 1 January	291	341
Profit and loss charge	(23)	(50)
At 31 December	268	291

A deferred tax asset has been recognised in respect of temporary differences on accelerated book depreciation because it is probable that this tax asset will be recovered. The Company has no liability in respect of deferred tax.

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****12. Property, plant and equipment**

	31 December 2017	31 December 2016
	£'000	£'000
Cost		
At 1 January	2,993	2,898
Additions	1,602	386
Writedown	(15)	(291)
At 31 December	4,580	2,993
Accumulated Depreciation		
At 1 January	2,269	2,226
Charge for the year	573	323
Writedown	(15)	(280)
At 31 December	2,827	2,269
Net book value at 31 December	1,753	724
Net book value at 1 January	724	672

13. Trade and other receivables

	31 December 2017	31 December 2016
	£'000	£'000
Trade receivables net of impairment provision	6,281	5,226
Input VAT receivable	52	150
Accrued income	5	5
Prepayments	70	66
	6,408	5,447

The fair value of trade and other receivables approximates to the carrying amount.

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****14. Cash and cash equivalents and borrowings**

	31 December 2017	31 December 2016
	£'000	£'000
Cash and cash equivalents	424	5,201
Borrowings	(1,391)	(5,175)
	(967)	26

Cash at bank and in hand represents current accounts and intercompany balances held with BNP Paribas, the ultimate parent undertaking. Borrowings represent amounts due to BNP Paribas, the ultimate parent undertaking. All balances are repayable on demand.

The fair value of cash and cash equivalents and borrowings approximates to the carrying amount.

15. Trade and other payables

	31 December 2017	31 December 2016
	£'000	£'000
Trade payables	5,401	4,684
Interest payable	3	10
Corporation tax payable	366	448
Other payables	28	23
	5,798	5,165

The fair value of trade and other payables approximates to the carrying amount.

16. Share capital

	No of shares	31 December 2017	31 December 2016
		£'000	£'000
Allotted, called up and fully paid ordinary shares of £1 each	500,000 (2016: 500,000)	500	500

The Company has in issue only one class of equity share, which is non-redeemable, carries one vote per share and has no right to dividends other than those recommended by the Directors, and an unlimited right to share in the surplus remaining on a winding up.

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****17. Related party transaction**

The transactions undertaken with related parties during the year gave rise to the following income statement items:

Nature of income	Related party	2017	2016
		£'000	£'000
Revenue	Fellow subsidiary undertaking	15,464	16,085
Interest income	Ultimate parent undertaking	39	81
Interest expense	Ultimate parent undertaking	(26)	(66)
Central expenses recharged by BNP Paribas	Ultimate parent undertaking	(1,787)	(1,589)

In respect of related party transactions, the outstanding balances were as follows:

Nature of balance	Related party	31 December 2017	31 December 2016
		£'000	£'000
Cash and cash equivalents	Ultimate parent undertaking	424	5,201
Borrowings	Ultimate parent undertaking	(1,391)	(5,175)
Trade receivables	Fellow subsidiary undertaking	6,281	5,226
Interest payable	Ultimate parent undertaking	(3)	(10)
Accrued income	Ultimate parent undertaking	5	5

18. Commitments for operating leases

As at 31 December 2017, the Company has off balance sheet obligations which represent outstanding commitments for future minimum lease payments under non-cancellable operating leases, which now fall due as follows:

	31 December 2017	31 December 2016
	£'000	£'000
Telecommunications leases		
Not later than one year	5,141	4,497
Later than one year and not later than five years	2,965	1
	8,106	4,498

Operating lease payments represent rentals payable by the Company for telecommunications and equipment leases. Telecommunications leases are negotiated for a term of one to three years, and equipment leases for four years. The rentals for these leases are fixed for the term of the lease.

The note above details the amount of expense which is to be charged to the income statement in future accounting periods.

BNP PARIBAS NET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

19. Capital management

The Company defines capital as total equity. As at 31 December 2017, the value was £1.7 million (2016: £1.3 million).

The Directors monitor capital levels and where appropriate pay dividends to, or request a capital injection from, the immediate parent undertaking.

20. Ultimate parent undertaking and controlling party

The Company's immediate parent undertaking is BNP PUK Holding Limited.

The ultimate parent undertaking and controlling party is BNP Paribas, a company incorporated in France. BNP Paribas is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2017.

The consolidated financial statements of BNP Paribas are available from 16 boulevard des Italiens, 75009 Paris, France.