

BNP PUK HOLDING LIMITED

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2017

**REGISTERED OFFICE
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LONDON
NW1 6AA**

REGISTERED NUMBER: 2028843



BNP PUK HOLDING LIMITED

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BNP PUK HOLDING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

Principal activities

The Company's principal activity is that of a holding company for a number of BNP Paribas group subsidiaries and investments.

Review of the business

As shown in the Company's income statement, profit for the year was £15.0 million (2016: £11.1 million).

Total shareholders' funds for the year ended 31 December 2017 were £275.8 million (2016: £294.6 million).

During the year the Company paid a £27.6 million dividend to BNP Paribas, the ultimate parent undertaking (2016: £ nil).

The Company sold two available-for-sale investments for a cash consideration of £24 million, realising a gain on disposal of £14.9 million, and acquired an available-for-sale investment for £3.9 million. The Company made a correction to the cost of its investment in a subsidiary undertaking, for a prior year misstatement, resulting in a £1 million impairment charge. Refer to note 12(b) for further details.

Business development and performance

The Company continued to act as a holding company for a number of BNP Paribas group subsidiaries and investments.

Principal risks 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 will continue to seek opportunities to invest in strategic equity holdings for the BNP Paribas group in the UK.

Future developments

The Company will continue to be that of a holding company for a number of BNP Paribas group subsidiaries and other investments.

On behalf of the Board



Director
KARA LEMONT

18 May 2018

BNP PUK HOLDING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The Directors present their report and the audited financial statements of BNP PUK Holding Limited for the year ended 31 December 2017.

The Company is a wholly-owned subsidiary of BNP Paribas, the ultimate parent undertaking. The Company is incorporated in the United Kingdom and registered in England and Wales, and has its principal place of business in the United Kingdom.

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 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 policy 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

During the year, the Directors declared and paid an interim dividend on ordinary shares of £27.6 million (2016: £ nil).

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

Capital structure

Details of the issued share capital, together with details of the movements in the Company's issued share capital are shown in Note 17. The Company has one class of ordinary shares which carry one vote per share and have no right to dividends other than those recommended by the Directors, and unlimited right to share in the surplus remaining on a winding up.

Charitable and political donations

No donations were made during the year (2016: £: nil).

Directors

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

Louise Helen Fletcher D'Arjuzon	(Appointed 14 November 2017)
Francois Draveny	(Appointed 14 November 2017)
Stephen Martin Middleton	
Christopher Mark Penney	
Francois Michel Regnier	(Resigned 16 November 2017)
Donald Paul Reynolds	(Resigned 16 November 2017)
Kara Lemont Sportelli	

BNP PUK HOLDING LIMITED

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

Directors' third party indemnity provisions

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 available-for-sale investments and cash and cash equivalents which more than cover any payables under which it is currently obligated.

Independent Auditors and disclosure of information to auditors

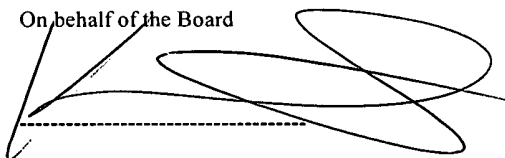
PricewaterhouseCoopers LLP will continue to hold office in accordance with Section 487 of the Companies Act 2006.

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

- (a) so far as the Directors are 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



KARA LEMOAT

Director

18 May 2018

BNP PUK HOLDING 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 IFRSs 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 PUK HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BNP PUK HOLDING LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, BNP PUK Holding 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 comprehensive income, 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 PUK HOLDING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BNP PUK HOLDING LIMITED

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

16 May 2018

BNP PUK HOLDING LIMITED**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £'000	2016 £'000
Income from investments in subsidiaries	3	40	638,715
Loss on disposal of investment in subsidiary	12	-	(11,893)
Impairment loss on investments in subsidiaries	12	(835)	(598,751)
Gain / (loss) on disposal of available-for-sale investments		14,944	(876)
Impairment on available-for-sale investments	13	(267)	(234)
Other income	4	376	-
Other gain / (losses)	5	94	(280)
Net investment income		14,352	26,681
Interest income	6	901	1,055
Interest expense	7	(114)	(20,536)
Net interest income / (expense)		787	(19,481)
Administrative expenses	8	(27)	22
Operating profit		15,112	7,222
Profit before taxation	9	15,112	7,222
Taxation	10	(117)	3,918
Profit for the year		14,995	11,140

The results for both years are wholly derived from continuing operations.

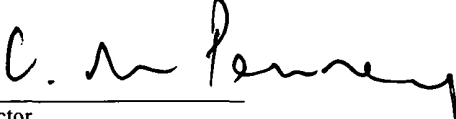
BNP PUK HOLDING LIMITED**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017	2016
		£'000	£'000
Profit for the year		14,995	11,140
Other comprehensive (loss) / income			
Items that may be reclassified into profit or loss			
Transferred to income statement on disposal of available-for-sale investments	13	(11,498)	-
Tax on items transferred to income statement		2,184	-
Revaluation on available-for-sale investments	13	4,004	3,847
Tax on revaluation on available-for-sale investments		(790)	(618)
Total other comprehensive (loss) / income		(6,100)	3,229
Total comprehensive income attributable to equity shareholders		8,895	14,369

BALANCE SHEET AS AT 31 DECEMBER 2017

	Note	31 December 2017 £'000	31 December 2016 £'000
ASSETS			
Non-current assets			
Investments in subsidiaries	12	3,608	4,430
Available-for-sale investments	13	14,342	27,419
TOTAL NON-CURRENT ASSETS		17,950	31,849
Current assets			
Other receivables	14	4,042	3,905
Loan and receivables	15	50,000	-
Cash and cash equivalents	16	216,497	278,751
TOTAL CURRENT ASSETS		270,539	282,656
TOTAL ASSETS		288,489	314,505
EQUITY			
Share capital	17	257,053	257,053
Available-for-sale reserves		3,780	9,880
Retained earnings		14,995	27,633
TOTAL EQUITY		275,828	294,566
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	18	1,271	2,695
TOTAL NON-CURRENT LIABILITIES		1,271	2,695
Current liabilities			
Borrowings	19	11,215	15,697
Other payables	20	175	1,547
TOTAL CURRENT LIABILITIES		11,390	17,244
TOTAL LIABILITIES		12,661	19,939
TOTAL EQUITY AND LIABILITIES		288,489	314,505

The financial statements on pages 8 to 32 were approved by the Board of Directors on 18 May 2018 and were signed on its behalf and authorised for issue by:


 Director
 CHRISTOPHER PENNEY

BNP PUK HOLDING LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Share Capital £'000	Available-for- sale Reserves £'000	Retained earnings £'000	Total Equity £'000
At 1 January 2016	257,053	6,651	16,493	280,197
Profit for the year	-	-	11,140	11,140
Other comprehensive (loss) / income:				
- Transferred to income statement on disposal of available-for-sale investments	-	-	-	-
- Tax on items transferred to income statements	-	-	-	-
- Revaluation on available-for-sale investments (Note 13)	-	3,847	-	3,847
- Tax on revaluation on available-for-sale investments (Note 18)	-	(618)	-	(618)
At 31 December 2016	257,053	9,880	27,633	294,566
Dividend paid	-	-	(27,633)	(27,633)
Profit for the year	-	-	14,995	14,995
Other comprehensive (loss) / income:				
- Transferred to income statement on disposal of available-for-sale investments	-	(11,498)	-	(11,498)
- Tax on items transferred to income statements (Note 18)	-	2,184	-	2,184
- Revaluation on available-for-sale investments (Note 13)	-	4,004	-	4,004
- Tax on revaluation on available-for-sale investments (Note 18)	-	(790)	-	(790)
At 31 December 2017	257,053	3,780	14,995	275,828

The available-for-sale reserve arises from changes in the fair value of available-for-sale financial assets held by the Company, and is not distributable.

BNP PUK HOLDING LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 £'000	2016 £'000
Profit before taxation		15,112	7,222
Adjustments for:			
— Income from investments in subsidiaries		(40)	(638,715)
— Interest income		(901)	(1,055)
— Interest expense		114	20,536
— Impairment on available-for-sale investment		267	234
— Impairment on investments in subsidiaries	12	835	598,751
— Loss on disposal of investment in subsidiary	12	-	11,893
— Other income		(376)	-
— (Gain) / loss on disposal of available-for-sale investments		(14,944)	876
— Foreign exchange gains / (losses) on investments in subsidiaries and available-for-sale investments	107	(2,829)	
Changes in working capital:			
— Decrease in other receivables		-	51
— (Decrease) / increase in other payables		(71)	85
Cash flows from operating activities			
Cash generated from / (used in) operations		103	(2,951)
Interest received		764	1,150
Interest paid		(118)	(21,597)
Tax (paid) / received		(1,442)	268
Net cash flows used in operating activities		(693)	(23,130)
Cash flows from investing activities			
Loan and receivables	15	(50,000)	-
Acquisitions of investments in subsidiaries		-	(3,540)
Income from investments in subsidiaries		40	638,715
Disposal of investment in subsidiary		-	109,942
Disposal of available-for-sale investments	13	24,014	45
Dividend income from available-for-sale investments		358	-
Acquisition of available-for-sale investment - price adjustment		-	414
Acquisitions of available-for-sale investments	13	(3,859)	(2,999)
Dividend paid	11	(27,632)	-
Net cash flows (used in) / generated from investing activities		(57,079)	742,577
Cash flows from financing activities			
Net repayment of borrowings	19	(5,600)	(717,633)
Net cash flows used in financing activities		(5,600)	(717,633)
Net cash (decrease) / increase in cash and cash equivalents		(63,372)	1,814
Cash and cash equivalents as at 1 January		278,309	276,495
Cash and cash equivalents at 31 December		214,937	278,309
Reconciliation of cash and cash equivalents			
Cash and cash equivalents	16	216,497	278,751
Overdrafts	19	(1,560)	(442)
Cash and cash equivalents at 31 December		214,937	278,309

BNP PUK HOLDING LIMITED

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

1. Accounting policies

The principal activity of the Company is to act as a holding company for a number of BNP Paribas group subsidiaries and other investments. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied during the year 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 expect it to have a material effect on available-for-sale investments. Refer to note 13.

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.

These separate financial statements contain information about the Company as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under IAS 27, "Consolidated and separate financial statements", from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking, BNP Paribas which is a company incorporated in France. Copies of the group financial statements can be obtained from BNP Paribas, 16 boulevard des Italiens, 75009 Paris, France.

BNP PUK HOLDING LIMITED

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

1. Accounting policies (continued)

(a) Basis of preparation (continued)

Going concern and liquidity

The Directors have 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. This is discussed in the Directors' report on page 4 under the heading of 'Going concern and liquidity'.

(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 such as fair value of financial instruments (note 13).

(c) Revenue recognition

(i) Dividend income

Dividend income arises on a) investments in subsidiaries, and is disclosed in the income statement as 'income from investments in subsidiaries' when the Company's right to receive the dividend is established, and b) available-for-sale investments, and is disclosed in the income statement as 'other income' when the Company's right to receive a dividend is established.

(ii) Interest income and expense

Interest income arises from cash and cash equivalents and loans and receivables. 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, and presentation currency and the currency in which the majority of the Company's revenue streams, assets, liabilities and funding is denominated.

(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. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation on non-monetary items in respect of which gains and losses are recognised directly in the statement of comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in the statement of comprehensive income.

(e) Investments in subsidiaries

Investments in subsidiaries are equity investments, accounted for at cost less any impairment.

BNP PUK HOLDING LIMITED

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

1. Accounting policies (continued)

(f) Impairment of investments in subsidiaries

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

The carrying values of the investments in subsidiaries 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, with any subsequent reversal also recognised in the income statement.

(g) Financial assets

All financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value.

The Company classifies its financial assets in the following categories: 'loans and receivables' and 'available-for-sale'. The carrying value of financial instruments that are not measured at fair value does not materially differ from their fair value unless otherwise stated in the financial statements. Management determines the classification of its financial instruments upon initial recognition – such classification being dependent on the purpose for which the financial instruments were acquired.

i) Loans and receivables

Loans and receivables are financial assets that have fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Gains or losses arising from changes in the fair value of available-for-sale financial assets, net of taxation, are recognised in equity.

When available-for-sale financial assets are sold, impaired or derecognised, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from the disposal of available-for-sale-investments'. Dividend income from available-for-sale investments is recognised in the income statement within 'other operating income' when the Company's right to receive the dividend is established.

BNP PUK HOLDING LIMITED

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

1. Accounting policies (continued)

(g) Financial assets (continued)

Fair value estimation

Available-for-sale investments

The fair value of available-for-sale investments in unquoted equity instruments is calculated using a share of net asset value technique, which is a close approximation of the fair value. The fair value of available-for-sale investments in listed equity instruments is based on the quoted share price.

Financial instruments are classified into three levels in descending order of the observability of their value and of the inputs used for their valuation:

Level 1 - Financial instruments with quoted market prices: This level comprises financial instruments with quoted prices in an active market that can be used directly.

Level 2 - Financial instruments measured using valuation techniques based on observable inputs: This level consists of financial instruments measured by reference to the price of similar instruments quoted in an active market or to identical or similar instruments quoted in a non-active market, but for which transaction prices are readily available on the market or, instruments measured using valuation techniques based on observable inputs.

Level 3 - Financial instruments measured using valuation techniques based on non-observable inputs: This level comprises financial instruments measured using valuation techniques based wholly or partially on non-observable inputs. A non-observable input is defined as a parameter, the value of which is derived from assumptions or correlations not based either on observable transaction prices for the identical instrument at the measurement date or observable market data available at the same date. An instrument is classified in Level 3 if a significant portion of its valuation is based on non-observable inputs.

The valuation techniques for financial assets include:

Available-for-sale investments

Available-for-sale financial assets valued using valuation techniques or pricing models primarily consist of unquoted equities. These assets are valued using models that use both observable and unobservable data. The observable inputs to the models include but are not limited to assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

(h) Hedge accounting

The Company designates hedging instruments such as non-derivatives in respect of foreign currency risk as fair value hedges.

At inception of the hedge there is a formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. The hedge is to be highly effective in achieving offsetting changes in fair value attributed to the hedged risk. The hedge is assessed on an ongoing basis and determined to have been highly effective throughout the financial reporting periods for which the hedge was designated. The hedge must be external to the consolidated group or, if internal, the fair value offset in the market must be demonstrated.

Changes in the fair value of non-derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the fair value of the hedged item attributable to the hedged risk are recognised in the line of the income statement relating to the hedged item.

The aim of this fair value hedge is to eliminate the mismatch in the income statement whereby under IAS 21 "The effects of changes in foreign exchange rates", the FX gain/loss on the non-monetary available-for-sale instrument would go to equity and the gain or loss on the funding of those instruments would go directly to the income statement. Through demonstrating a fair value hedging relationship of the foreign exchange exposure between the available-for-sale asset and the borrowing which has funded it, the gain or loss on both instruments would be recorded in income statement. This is accordance with IAS 39 "Financial instruments: Recognition and Measurement", para 89.

BNP PUK HOLDING LIMITED

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

1. Accounting policies (continued)

(h) Hedge accounting (continued)

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument is sold, or no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date. Where a fair value hedge has failed the effectiveness test, the Company may put in place a new hedging relationship. In case of a fair value hedge of the foreign exchange risk of an available-for-sale asset this will involve a designation of a new hedging relationship as a result of impairment. In particular, the hedging instrument will be redesignated to achieve the desired hedge effectiveness.

(i) Impairment of financial assets

i) Assets carried at amortised cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective rate.

ii) Assets classified as available-for-sale

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered to be an indicator that the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(j) 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 balances repayable on demand and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(k) Share capital

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.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of acquisition as part of the purchase consideration.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

BNP PUK HOLDING LIMITED

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

1. Accounting policies (continued)

(m) Dividend distribution

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.

(n) Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Amounts to be recovered are classified as 'Group Relief' which represents the amount to the benefit arising from taxable losses of the Company.

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 substantively 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 profits will be available against which the temporary differences can be utilised.

(o) Other financial assets and liabilities

The Company classifies its other financial assets as receivables. Receivables are initially recognised at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

The Company classifies its other financial liabilities as payables. Payables are initially recognised at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2. Financial risk management

The Company's activities expose it to a variety of financial risk: credit risk, liquidity risk and market risk (foreign exchange risk, cash flow and fair value interest rate risk and price 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. The exposures and risk management techniques have not changed significantly from the prior year.

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 arises from other receivables, and cash and cash equivalents. These assets represent exposures to other Group undertakings. The Directors continue to monitor these exposures.

Maximum exposure to credit risk before collateral held or credit enhancements

	31 December 2017	31 December 2016
	£'000	£'000
Other receivables	4,042	3,905
Loans and receivables	50,000	-
Cash and cash equivalents	216,497	278,751
	270,539	282,656

The above table represents a worst case scenario of credit risk exposure for the Company at 31 December 2017 and 2016. The Company does not hold collateral against these exposures. The exposures set out above are based on the carrying amounts as reported in the balance sheet. There were no receivables which were past due or impaired.

BNP PUK HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****2. Financial 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.

Prudent liquidity risk management is achieved by maintaining sufficient cash and readily realisable marketable securities, the availability of funding through an adequate amount of committed credit facilities, and the ability to close out market positions. 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.

	Up to 3 months £'000	3 – 6 months £'000	6 – 12 months £'000	1 – 5 years £'000	Over 5 years £'000	Total £'000
As at 31 December 2017						
Financial liabilities						
Overdrafts	1,560	-	-	-	-	1,560
Borrowings	405	7,327	1,923	-	-	9,655
Other payables	29	-	-	146	-	175
	1,994	7,327	1,923	146	-	11,390
As at 31 December 2016						
Financial liabilities						
Overdrafts	442	-	-	-	-	442
Borrowings	15,255	-	-	-	-	15,255
Other payables	104	-	1,443	-	-	1,547
	15,801	-	1,443	-	-	17,244

c) Market risk

The Company takes on exposure 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, currency, and equity 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 interest rates, credit spreads, foreign exchange rates and equity prices.

(i) Foreign exchange risk

The Company undertakes certain transactions denominated in foreign currencies. The Company is as a result exposed to foreign exchange risk on its assets and liabilities as they are not all denominated in its functional currency of Sterling. This risk is transferred to BNP Paribas, the ultimate parent undertaking on a monthly basis.

BNP PUK HOLDING LIMITED

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

2. Financial risk management (continued)

c) Market risk (continued)

(ii) Interest rate risk

The Company is exposed to cash flow interest rate risk as the Company borrows and lends funds at floating interest rates. The Company's floating rate interest-bearing assets exceed its floating rate interest-bearing liabilities.

The sensitivity analyses 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, with the exception of available-for-sale assets;
- the stipulated change took place at the beginning of the financial year and held constant throughout the year;
- instruments that reprice within a period of six months are considered variable while those that reprice after six months are considered fixed; and
- a reasonably conservative rate change.

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

If interest rates had been 100 basis points higher (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 £2,164,000 (2016: increase by £2,787,000). This is mainly attributable to the Company's exposure to interest rates on its floating rate assets which exceed its floating rate liabilities; and
- there would be no impact on the available-for-sale reserves in other comprehensive income as no available-for-sale interest rate sensitive instruments are held by the Company.

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

(iii) Price risk

The Company is exposed to equity price risk arising from equity investments. Equity investments are held for strategic purposes.

Equity price risk sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date. 10% is considered to be a reasonably possible change in equity prices.

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 years.

If the inputs to the valuation model had been 10% lower, while all other variables were held constant:

- profit for the year ended 31 December 2017 would have been unaffected as the equity investments are classified as available-for-sale and no investments were impaired; and
- other equity reserves would decrease by £467,000 (2016: decrease by £1,216,000) for the Company, entirely as a result of the changes in fair value of available-for-sale investments.

BNP PUK HOLDING LIMITED

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

3. Income from investments in subsidiaries

	2017	2016
	£'000	£'000
Dividend income from investments in subsidiaries	40	638,715

Dividend income during the year was received from BNP Paribas Synergy Limited of £10,000, BNP Paribas E & B Limited of £19,000 and BNP Paribas CMG Limited of £11,000.

Dividend income in 2016 was received from BNP Paribas Investments No. 1 Limited of £250.6 million, BNP Paribas Investments No. 2 Limited of £376.6 million, Fidex Limited of £7.5 million (€8.8 million), and BNP Paribas Net Limited of £4 million.

4. Other income

	2017	2016
	£'000	£'000
Other income	376	-
	376	-

The Company received a dividend of £0.4 million (2016: £ nil) in respect of available-for-sale investments.

5. Other gains / (losses)

	2017	2016
	£'000	£'000
Foreign exchange gain / (loss)	94	(280)
Net loss on hedging instruments in a designated fair value hedge accounting relationship	(675)	(1,937)
Net gain on hedged items in a designated fair value hedge accounting relationship	675	1,937
	94	(280)

The gain arising on the hedging instrument in a designated fair value hedge accounting relationship (to hedge foreign exchange risk on available-for-sale investments) relates to floating rate loans, details of which are disclosed in Borrowings (note 19). The gain on the hedged item in a designated fair value hedge accounting relationship relates to available-for-sale non-monetary assets (note 13).

6. Interest income

	2017	2016
	£'000	£'000
Interest income on cash and cash equivalents	14	9
Interest income on loans	887	1046
	901	1,055

Interest income on loans arises on fixed term loans held with BNP Paribas, the ultimate parent undertaking. The average balance was £259 million at an average rate of 0.33% (2016: £266 million at 0.38%).

BNP PUK HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****7. Interest expense**

	2017	2016
	£'000	£'000
Interest expense on amounts due to ultimate parent undertaking		
— on fixed term borrowings	(106)	(20,514)
— on bank overdrafts	(8)	(22)
	(114)	(20,536)

Interest expense of £0.1 million relates to term borrowings from BNP Paribas, the ultimate parent undertaking in respect of funding for available-for-sale investments.

Prior year interest expense of £21 million arose mainly on £600 million fixed term borrowings from BNP Paribas, the ultimate parent undertaking, at a fixed interest rate of 3.81%.

Interest expense on bank overdrafts arises on overdrawn balances with BNP Paribas, the ultimate parent undertaking.

8. Administrative expenses

	2017	2016
	£'000	£'000
Bank levy	-	56
Custody fees	(2)	(2)
Legal fees	-	(8)
Audit fee	(25)	(24)
	(27)	22

Auditors' remuneration in respect of audit fees is £24,849 (2016: £23,944). There are no fees relating to other services provided by the Company's auditors.

9. 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 PUK HOLDING LIMITED

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

10. Taxation

(a) Analysis of tax (charge) / credit in the year

	2017 £'000	2016 £'000
Current tax credit		
Continuing operations	(146)	3,901
Prior year adjustment	29	17
Tax (charge) / credit	(117)	3,918

(b) Tax on items credited / (charged) to equity

	2017 £'000	2016 £'000
Deferred tax credit / (charge) on available-for-sale investments	1,424	(3,847)

(c) Factors affecting tax (charge) / credit for the year

The tax assessed for the year is lower (2016: lower) than profit on ordinary activities before taxation multiplied by the rate of corporation tax in the UK of 19.25%. (2016: 20.00%). The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation	15,112	7,222
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(2,909)	(1,444)
Tax effects of:		
— UK dividend income	80	127,743
— Bank levy	-	11
— Impairments not deductible	(212)	(119,797)
— Loss on disposal of investments in subsidiaries		(2,379)
— Gain on disposal of available-for-sale investments	2,877	(175)
— FX on available-for-sale investments	18	(58)
— Prior year adjustments	29	17
Tax (charge) / credit for the year	(117)	3,918

BNP PUK HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****11. Dividend paid**

	31 December 2017	31 December 2016
	£'000	£'000
Dividend paid	(27,632)	-
	(27,632)	-

On the 19 May 2017, the Company paid £27.6 million dividend to BNP Paribas, the ultimate parent.

12. Investments in subsidiaries

Shares in subsidiary undertakings	31 December 2017	31 December 2016
	£'000	£'000
Cost at 1 January	638,808	753,719
Additions	-	3,540
Disposals	-	(122,134)
Adjustment*	(1,000)	-
FX Revaluation	1,057	3,683
Cost at 31 December	638,865	638,808
Impairment provision at 1 January	(634,378)	(33,137)
Impairment	(879)	(601,241)
Impairment provision at 31 December	(635,257)	(634,378)
Recoverable amount at 31 December	3,608	4,430

*During the year the Company received confirmation that it was not the registered owner of the preference shares issued by Camomile Ulster Investments (UK) Limited. The correction of this prior year misstatement resulted in a £1 million reduction of the cost of investment in the fellow subsidiary undertaking.

BNP PUK HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****12. Investments in subsidiaries (continued)**

	31 December 2017	31 December 2016
	£'000	£'000
Impairment provision at 1 January	(634,378)	(33,137)
Impairment (charge) / writeback		
Camomile Ulster Investments (UK) Limited	(157)	(1,343)
BNP Paribas Net Limited	348	(2,085)
BNP Paribas Capital Investments Limited	-	12,192
BNP Paribas Investments No. 1 Limited	-	(249,975)
BNP Paribas Investments No. 2 Limited	-	(349,990)
BNP Paribas CMG Limited	(11)	-
BNP Paribas E & B Limited	(18)	-
Paribas Premier Leasing Limited	3	(3)
Fidex Limited	(1,044)	(10,037)
	(879)	(601,241)
Impairment provision at 31 December	(635,257)	(634,378)

All investments in subsidiary undertakings are equity in nature.

The following subsidiaries have been placed into Member's Voluntary Liquidation:

BNP Paribas E & B Limited
Fidex Limited
BNP Paribas Investments No. 1 Limited
BNP Paribas Investments No. 2 Limited

The following subsidiary has been liquidated:

BNP Paribas Capital Investments Limited

a) Impairment review

The 2017 impairment review resulted in an increase in the impairment provision of £401,000 (2016: £601,241,000).

During the year, the Company impaired its investment in Fidex Limited by £1,044,000, following revaluation of the investment in Euros.

The Company released £348,000 of the impairment in BNP Paribas Net Limited following an increase in the net asset value of the investment.

The Company increased its impairment provision in Camomile Ulster Investments (UK) Limited by £157,000. The investment is fully impaired.

BNP PUK HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****12. Investments in subsidiaries (continued)****b) Subsidiary undertakings of the Company**

The direct subsidiary undertakings of the Company at 31 December 2017 were:

Subsidiary undertaking	Country of incorporation	Principal activity	Type of share	Percentage Holding
BNP Paribas CMG Limited	England and Wales	Issuing covered warrants and other derivative products	Ordinary £1	100%
BNP Paribas E & B Limited	England and Wales	Dormant	Ordinary £1	100%
BNP Paribas Net Limited	England and Wales	International telecommunication services	Ordinary £1	100%
BNP Paribas Investments No.1 Limited	England and Wales	Investment company	Ordinary £1	100%
BNP Paribas Investments No.2 Limited	England and Wales	Investment company	Ordinary £1	100%
BNP Paribas Synergy Limited	England and Wales	Investment company	Ordinary £1	100%
Fidex Limited	England and Wales	Investment in financial securities	Ordinary £1	100%
Paribas Premier Leasing Limited	England and Wales	Leasing	Ordinary £1	100%
Camomile Ulster Investments (UK) Limited	Cayman Islands	Investment company	Ordinary £1	100%

During the year the Company received confirmation that it was not the registered owner of the preference shares issued by Camomile Ulster Investments (UK) Limited, a fellow subsidiary undertaking. The correction of this prior year misstatement resulted in a £1 million reduction of the cost of investment in the fellow subsidiary undertaking.

The registered address of each subsidiary undertaking is 10 Harewood Avenue, London, NW1 6AA.

BNP PUK HOLDING LIMITED

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

13. Available-for-sale investments

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Cost as at 1 January 2017	5,268	-	9,989	15,257
Additions	-	-	3,822	3,822
Disposals	(3,830)	-	(4,633)	(8,463)
Provisions	-	-	(267)	(267)
FX Revaluation	(371)	-	(304)	(675)
Cost as at 31 December 2017	1,067	-	8,607	9,674
Revaluation transferred to equity as at 1 January 2017	11,350	-	812	12,162
Revaluation transferred to equity	(269)	-	4,273	4,004
Revaluation transferred to income statement on disposal of available-for-sale investments	(10,686)	-	(812)	(11,498)
Revaluation transferred to equity as at 31 December 2017	395	-	4,273	4,668
Fair value at 31 December 2017	1,462	-	12,880	14,342
Cost as at 1 January 2016	4,814	-	6,662	11,476
Additions	-	-	2,999	2,999
Disposals	-	-	(921)	(921)
Provisions	(234)	-	-	(234)
FX Revaluation	688	-	1,249	1,937
Cost as at 31 December 2016	5,268	-	9,989	15,257
Revaluation transferred to equity as at 1 January 2016	7,636	-	679	8,315
Revaluation transferred to equity	3,714	-	133	3,847
Revaluation transferred to equity as at 31 December 2016	11,350	-	812	12,162
Fair value at 31 December 2016	16,618	-	10,801	27,419

Level 1 and Level 3

Level 1 includes a listed equity investment. In December 2017, one of the investments was sold.

Level 3 includes three investments comprising one investment valued using a discounted cash flow model and two investments valued based on the recent external transaction price.

BNP PUK HOLDING LIMITED

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

13. Available-for-sale investments (continued)

Reconciliation of Level 3 fair value measurements of available-for-sale investments

	Available-for-sale	31 December 2017
	Unquoted equities £'000	Total £'000
Available-for-sale investments		
Opening balance	10,801	10,801
Total gains or loss		
— in profit or loss	(304)	(304)
— in other comprehensive income	3,461	3,461
Provisions	(267)	(267)
Purchases	3,822	3,822
Sales	(4,633)	(4,633)
Closing balance	12,880	12,880

	Available-for-sale	31 December 2016
	Unquoted equities £'000	Total £'000
Available-for-sale investments		
Opening balance	7,341	7,341
Total gains or loss		
— in profit or loss	1,249	1,249
— in other comprehensive income	133	133
Purchases	2,999	2,999
Sales	(921)	(921)
Closing balance	10,801	10,801

IFRS 9 expected impact in 2018

Under IFRS 9, £7.2m of the Company's available-for-sale investments, as at 31 December 2017, will be accounted for as fair value through profit and loss. An adjustment will be made on first time adoption to reclassify £0.4m accumulated unrealised gains and losses in other comprehensive income to retained earnings. There will be no change in the valuation technique used.

BNP PUK HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****14. Other receivables**

	31 December 2017 £'000	31 December 2016 £'000
Accrued interest receivable	141	4
Group relief	3,901	3,901
	4,042	3,905

Accrued interest receivable relates to interest earned on the £200 million and £50 million (2016: £275.8 million) loans to BNP Paribas, the ultimate parent undertaking, at an interest rate of 0.48% (2016: 0.24%).

15. Loan and receivables

	31 December 2017 £'000	31 December 2016 £'000
Term loan	50,000	-
	50,000	-

The term loan of £50 million is with BNP Paribas, the ultimate parent undertaking, at a rate of 0.56%. The term loan matures in May 2018.

16. Cash and cash equivalents

	31 December 2017 £'000	31 December 2016 £'000
Current account	16,497	751
Term loan	200,000	278,000
	216,497	278,751

All cash and cash equivalents are held with BNP Paribas, the ultimate parent undertaking.

Current account balances are interest bearing, repayable on demand and denominated in Sterling.

The term loan of £200 million is at a rate of 0.40% (2016: 0.24%) and matures in January 2018.

BNP PUK HOLDING LIMITED

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

17. Share capital

	Number of shares	31 December 2017 £'000	31 December 2016 £'000
Allotted, called up fully paid:			
Ordinary shares of £1 each (2016: 257,052,547)	257,052,547	257,053	257,053

The ordinary shares of £1 each in issue are non-redeemable, carry one vote per share and have no right to dividends other than those recommended by the Directors, and unlimited right to share in the surplus remaining on a winding up.

18. Deferred tax

The deferred tax liability in respect of available-for-sale investments is recognised directly in reserves.

	31 December 2017 Temporary difference on acquisition £'000	31 December 2017 Available -for-sale investments £'000	31 December 2017 Total £'000
Opening balance at 1 January	414	2,281	2,695
Deferred tax recognised in equity	-	(1,394)	(1,394)
Deferred tax on acquisition	(30)	-	(30)
At 31 December 2017	384	887	1,271

	31 December 2016 Temporary difference on acquisition £'000	31 December 2016 Available -for-sale investments £'000	31 December 2016 Total £'000
Opening balance at 1 January	-	1,663	1,663
Deferred tax recognised in equity	-	618	618
Deferred tax on acquisition	414	-	414
At 31 December 2016	414	2,281	2,695

BNP PUK HOLDING LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017****19. Borrowings**

	31 December 2017	31 December 2016
	£'000	£'000
Current liabilities		
Bank overdrafts:		
— due to ultimate parent undertaking	1,560	442
Short term borrowings:		
— due to ultimate parent undertaking	9,250	14,865
— due to fellow subsidiary undertaking	405	390
Total borrowings	11,215	15,697

Bank overdrafts are due to BNP Paribas, the ultimate parent undertaking, are interest bearing, repayable on demand and denominated in Euros and US Dollars.

Short term borrowings include i) £9.3 million of short term Euro and US Dollar denominated floating rate borrowings to hedge the foreign exchange risk arising from the Company's available-for-sale investments and ii) £0.4 million due to fellow subsidiary undertakings.

20. Other payables

	31 December 2017	31 December 2016
	£'000	£'000
Accrued interest payable	4	8
Tax payable	146	1,443
Sundry creditors	25	96
	175	1,547

Accrued interest payable is due to BNP Paribas, the ultimate parent undertaking, on £9.3 million (2016: £14.9 million) short term borrowings at a floating rate of 0.58% (2016: 0.59%).

BNP PUK HOLDING LIMITED

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21. Related party transactions

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

Nature of income	Related party	2017 £'000	2016 £'000
Income from investments in subsidiaries	Fellow subsidiary undertaking	40	638,715
Loss on disposal of investment in subsidiary	Fellow subsidiary undertaking	-	(11,893)
Interest income	Ultimate parent undertaking	901	1,055
Interest expense	Ultimate parent undertaking	(114)	(20,536)
Dividend paid	Ultimate parent undertaking	(27,632)	-

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

Nature of balance	Related party	31 December 2017 £'000	31 December 2016 £'000
Accrued interest receivable	Ultimate parent undertaking	141	4
Group relief	Ultimate parent undertaking	3,901	3,901
Loan and receivables	Ultimate parent undertaking	50,000	-
Cash and cash equivalents	Ultimate parent undertaking	216,497	278,751
Borrowings	Ultimate parent undertaking	(10,810)	(15,307)
Borrowings	Fellow subsidiary undertaking	(405)	(390)
Accrued interest payable	Fellow subsidiary undertaking	(4)	(8)

All related party transactions have been concluded at arm's length.

22. Capital management

The Company categorises capital as Shareholders' equity, and as at 31 December 2017, the value was £275.8 million (2016: £294.6 million).

The Directors manage this by monitoring capital levels and where appropriate pay dividends to the parent undertaking.

23. Ultimate parent undertaking and controlling party

The immediate and 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.