SG LEASING (CENTRAL 1) LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

31 DECEMBER 2017

COMPANY REGISTRATION NO. 4107040

CORPORATE INFORMATION

DIRECTORS

S. Cook
N. M. Dent
S. Fowler
L. Sides
P. Shields

SECRETARY

K. Balinska-Jundzill

AUDITOR

Deloitte LLP
1 Little New Street
London
EC4A 3TR

BANKERS

Société Générale
SG House
41 Tower Hill
London
EC3N 4SG

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

SG House
41 Tower Hill
London
EC3N 4SG

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the financial statements for the year ended 31 December 2017.

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

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company is the investment in various limited partnerships whose principal activity is that of ship leasing.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company registration number is 4107040.

The Company has an existing investment in the Fenchurch Partnership. On 13 January 2017, the lease in The Fenchurch Partnership was terminated for £185,405 (USD 231,582). A loss of £4,187 (USD 5,251) was recognised on that date. During the year Company invested an additional £3,330 in the same partnership and was subsequently terminated.

The Company has an investment in The Eiffel Limited Partnership in 2017. This was terminated during the year resulting in the profit of £74 respectively (2016: £nil).

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

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

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

RESULTS AND DIVIDENDS

The company made a profit on ordinary activities after taxation of £53,781 for the year (2016: loss £30,373). The results for the period are set out on page 8.

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

FINANCIAL RISK MANAGEMENT

The company's principal risk is financial risk which it is exposed to through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk and price risk. Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet the only financial risks the directors consider relevant to this company are liquidity and cash flow risk. The risks relating to liquidity and cash flow are mitigated by the routine monitoring of key management information. Credit risk is monitored by the credit department with Société Générale London Branch. They regularly monitor the creditworthiness of clients and will advise the relevant officer in charge of the exposure if there is any deterioration in the credit status (Refer to Note 14).

REPORT OF THE DIRECTORS (Continued)

DIRECTORS

The directors who served during the year were:

N. M. Dent	(Chairman)
S. Fowler	(Deputy Chairman)
S. Cook	
P. Shields	(Appointed 19 March 2018)
L. Sides	(Appointed 12 August 2016)

GOING CONCERN

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

LIABILITY INSURANCE FOR COMPANY OFFICERS

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

DISCLOSURE OF INFORMATION PROVIDED TO AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- 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.

APPOINTMENT OF AUDITOR

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

SG House
41 Tower Hill
London
EC3N 4SG

By order of the Board

K. Balinska-Jundzill
Secretary

25 September 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and applicable law. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of SG Leasing (Central 1) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

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

We have audited the financial statements of SG Leasing (Central 1) Limited (the 'Company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 14.

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

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:
- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

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

Independent auditors' report to the members of SG Leasing (Central 1) Limited (Continued)

Other information (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Independent auditors' report to the members of SG Leasing (Central 1) Limited (Continued)

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Ben Jackson (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
25 September 2018

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 £	2016 £
Continuing Operations			
Revenue	2	-	1,987
Interest expense	3c	(2,828)	(2,828)
Gross loss		(2,828)	(841)
Interest receivable	3b	7,399	44,707
Interest expense	3c	(2,642)	(44,551)
Other expense		(4,551)	-
Foreign exchange gain / (loss)		63,160	(32,053)
PROFIT / (LOSS) BEFORE TAXATION	3	60,538	(32,738)
Tax (charge) / credit	4	(6,757)	2,365
PROFIT / (LOSS) FOR THE YEAR		53,781	(30,373)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss:			
Foreign currency translation differences on foreign currency investments	5	(2,756)	32,941
Less:			
Reclassification adjustment to profit and loss		(60,579)	-
Other comprehensive (loss) / income for the year net of tax		(63,335)	32,941
Total comprehensive (loss) / income for the year net of tax		(9,554)	2,568
(Loss) / profit attributable to:			
Equity holders of the parent		(9,554)	2,568
Total comprehensive (loss) / income attributable to:			
Equity holders of the parent		(9,554)	2,568

SG LEASING (CENTRAL 1) LIMITED
YEAR ENDED 31 DECEMBER 2017

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 £	2016 £
ASSETS			
NON-CURRENT ASSETS			
Other investments	5	-	192,378
		-	192,378
CURRENT ASSETS			
Loan and other receivables	6	-	1,004,740
Other receivables	6	-	9,577
Cash at bank and in hand		333,912	346,186
		333,912	1,360,503
TOTAL ASSETS		333,912	1,552,881
LIABILITIES			
CURRENT LIABILITIES			
Borrowings	7	-	1,196,909
Other payables	7	25,065	2,016
		25,065	1,198,925
NON CURRENT LIABILITIES			
Deferred tax liabilities	8	-	35,555
		-	35,555
TOTAL LIABILITIES		25,065	1,234,480
NET ASSETS		308,847	318,401
EQUITY			
Share capital	9	1	1
Retained earnings		308,846	318,400
TOTAL EQUITY AND RESERVES		308,847	318,401

Approved by the Board of Directors and authorised for issue on 25 September 2018 and signed on its behalf by:

Director N. M. Dent

The notes on pages 11 to 25 form an integral part of these financial statements.
The company registration number is 4107040.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share Capital	Translation reserve	Retained Earnings	Total
	£	£	£	£
Balance as at 31 December 2015	1	30,394	285,438	315,833
Total comprehensive income for the year	-	32,941	(30,373)	2,568
Balance as at 31 December 2016	1	63,335	255,065	318,401
Total comprehensive income for the year	-	(63,335)	53,781	(9,554)
Balance as at 31 December 2017	1	-	308,846	308,847

CASH FLOW STATEMENT

For the year ended 31 December 2017

	Notes	2017 £	2016 £
Net cash flow used in operating activities	13b	(13,013)	(76,239)
Investing activities			
Interest received		9,154	48,584
Distributions from partnerships		188,839	3,415
Additions in partnerships during the year		(3,330)	-
Repayment of loan receivables		1,002,985	2,025,959
Net cash flow from investing activities		1,197,648	2,077,958
Financing activities			
Repayments of borrowings		(1,196,909)	(1,996,280)
Net cash flow used in financing activities		(1,196,909)	(1,996,280)
Net (decrease) / increase in cash and cash equivalents		(12,274)	5,439
Cash at the beginning of the year		346,186	340,747
Cash at the end of the year	13a	333,912	346,186

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

- IFRS 9 "Financial Instruments" is effective for annual periods beginning on or after 1 January 2018
- IFRS 15 "Revenue from Contracts with Customers" is effective for annual periods beginning on or after 1 January 2018
- IFRS 16 "Leases" is effective for annual periods beginning on or after 1 January 2019
- IFRS 17 "Insurance Contracts" is effective for annual period beginning on or after 1 January 2021
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions" are effective for annual periods beginning on or after 1 January 2018
- Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" are effective for annual periods beginning on or after 1 January 2018
- Amendments to IAS 40 "Transfers of Investment Property" are effective for period beginning on or after 1 January 2018
- Annual improvements to IFRSs 2014 - 2016 Cycle "Amendments to IFRS 1 First-time Adoption of International Reporting Standards and IAS 28 Investments in Associates and Joint Venture" are effective for annual periods beginning on or after 1 January 2018
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRIC 22 "Foreign Currency Transactions and Advanced Consideration" is effective for annual periods beginning on or after 1 January 2018
- IFRIC 23 "Uncertainty over Income tax Treatments" is effective for annual periods beginning on or after 1 January 2019

The members do not expect that the adoption of the Standards listed above will have an impact on the financial statements of the Company in future periods, except as noted below:

- IFRS 9 will impact both the measurement and disclosures of financial instruments but will ultimately depend on the financial instruments that the Company has during 2018. The directors have performed an initial assessment and the impact is not deemed to be material considering the nature and amount of financial instruments the Company has as at 31 December 2017.

In the current year, the Company has applied a number of amendments to IFRSs that are mandatorily effective for an accounting period that begins on or after 1 January 2016. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 7 - "Disclosure Initiative"
- Amendments to IAS 12 - "Recognition of Deferred Tax Assets for Unrealised Losses"
- Annual improvements to IFRSs 2014 - 2016 Cycle

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

(b) Income

Income received from Partnerships is recognised based on the company's share of the partnership profits (per the partnership agreement).

Management fees received from Partnerships is recognised as and when it is received which is usually in October each year (per the partnership agreement).

(c) Taxation

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

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

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

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

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

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

(d) Impairment

An impairment loss is recognised immediately in the income statement when there is objective evidence that the financial asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows discounted at the effective interest rate computed at the initial recognition.

Impairment losses are reversed immediately in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the asset at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(e) Foreign exchange

Foreign currency items in the profit and loss account are recorded at their sterling equivalent using the average exchange rate of the month in which the transaction occurred. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated unless they are offset by matching foreign currency borrowings.

(f) Financial Instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (Continued)

Loans and other receivables

Loans and other receivables are initially recognised at fair value and subsequently valued at amortised cost, using the effective interest rate method. This is the rate that exactly discounts estimated future cash flow payments or receipts through the expected life of the financial instrument. Appropriate allowances for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired. Other receivables are categorised as loans and receivables.

Other payables and borrowings

Other payables and borrowings are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Other payables and long-term payables are categorised as liabilities measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(g) Other investments

Investments in an associate are accounted for using the equity method of accounting less provision for any impairment. The foreign exchange movements of the investments are accounted for in other comprehensive income on an annual basis.

Distributions received from the partnerships are recognised when the entities right to receive the distributions have been established. Any distributions received are recognised as a reduction of the cost of the investment.

(h) Significant accounting judgements, estimates and assumptions

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

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the company's domicile.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Further details on deferred taxes are disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

2. REVENUE

	2017 £	2016 £
Income received from partnerships (Refer to Note 5 & 10)	-	1,164
Management fee received from partnerships (Refer to Note 10)	-	823
	-	1,987

Income has been derived from activities within the UK.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2017 £	2016 £
(a) Auditors' remuneration - audit fees	-	-

Audit fees payable for the audit of the company's annual financial statements amounted to £10,000 (2016: £10,000). These fees are paid by the ultimate parent company, Société Générale.

	2017 £	2016 £
(b) Interest receivable. None of the interest receivable during the year was attributable to group companies (2016: £nil).	7,399	44,707
(c) Interest payable. Interest payable to group companies £5,470 (2016: £47,379) (Refer to Note 10).	(5,470)	(47,379)

4. TAXATION

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

	2017 £	2017 £	2016 £	2016 £
Corporation tax:				
Corporation tax credit for the year		(42,313)		9,862
Adjustments in respect of prior periods		1		1
Total current tax credit		(42,312)		9,863
Deferred tax:				
Origination and reversal of timing differences				
Current year movement	35,555		(5,959)	
Effect in the change in tax rate	-		(1,539)	
		35,555		(7,498)
Tax (charge) / credit on profit / (loss) on ordinary activities		(6,757)		2,365

NOTES TO THE FINANCIAL STATEMENTS

(b) Factors affecting the tax credit for the year

	2017 £	2016 £
Profit / (loss) on ordinary activities before taxation	60,538	(32,738)
Tax on profit / (loss) ordinary activities at standard rate of 19.24% (2016: 20%)	(11,651)	6,548
Factors affecting the credit:		
Disallowable expenses	(795)	-
Non-taxable credits	2,175	(6,295)
Transfer pricing adjustments	3,513	3,650
Adjustments in respect to prior periods	1	1
Change of tax rate	-	(1,539)
	(6,757)	2,365

5. OTHER INVESTMENTS

The company has the following investment undertakings:

	Country of Incorporation	%
The Eiffel Limited Partnership	Great Britain	0.002%
The Fenchurch Partnership	Great Britain	0.500%

	2017 £	2016 £
Opening balance	192,378	162,852
Additions during the year	3,330	-
The Fenchurch Partnership	3,330	-
Distributions during the year:	(188,839)	(4,579)
The Fenchurch Partnership	(188,786)	(4,511)
The Eiffel Limited Partnership	(53)	(68)
Share of profits from partnerships:	-	1,164
The Fenchurch Partnership	-	1,146
The Eiffel Limited Partnership	-	18
Balance carried forward	6,869	159,437

NOTES TO THE FINANCIAL STATEMENTS

5. OTHER INVESTMENTS (CONTINUED)

	2017	2016
	£	£
Balance brought forward	6,869	159,437
Loss on termination of partnerships:	(4,113)	-
The Fenchurch Partnership	(4,187)	-
The Eiffel Limited Partnership	74	-
Foreign exchange movements	(2,756)	32,941
The Fenchurch Partnership	(2,756)	32,941
Closing balance	-	192,378
Analysed as:		
Current investments (Recoverable within 12 months)	-	-
Non-current investments (Recoverable after 12 months)	-	192,378
	-	192,378

On 13 January 2017, the lease in The Fenchurch Partnership was terminated for £185,405 (USD 231,582). A loss of £4,187 (USD 5,251) was recognised on that date. During the year Company invested £3,330 in the same partnership and was subsequently terminated.

The Eiffel Limited Partnership was terminated during the year resulting in the profit of £74.

The above investments are accounted for using the equity method as set out in the accounting policy notes (refer to Note 1). Although the company holds less than 20% of the partnership interest, it exercises a significant influence by having representation on the board of the Directors of the General Partner's who participate in the policy and decision making processes of the Partnerships.

NOTES TO THE FINANCIAL STATEMENTS

6. LOAN AND OTHER RECEIVABLES

	2017 £	2016 £
Loans and advances	-	1,002,985
Interest on loans and advances	-	1,755
	-	1,004,740
Corporation tax (Group Relief)	-	9,577
	-	1,014,317
Analysed as:		
Non-current loan and other receivables (Recoverable after 12 months)	-	-
Current loan and other receivables (Recoverable within 12 months)	-	1,004,740
	-	1,004,740

On 19 March 2013, the company acquired an income stream of lease rentals from SGFLD Limited (a related Group company) amounting to £10,146,943, without acquiring the legal title to the underlying finance lease.

In 2016, the loans and advances were owed by the group undertakings at the variable rate of 1.94%.

The underlying finance lease matured on 29 November 2017.

7. BORROWINGS AND OTHER PAYABLES

	2017 £	2016 £
Amounts falling due within one year:		
Borrowings owed to group undertakings (Refer to Note 10)	-	1,196,909
Interest payable to group undertakings (Refer to Note 10)	-	2,016
Corporation tax (Group Relief)	25,065	-
	25,065	1,198,925

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

In 2016, borrowings were owed to the group undertakings at the variable rate of 1.41%.

NOTES TO THE FINANCIAL STATEMENTS

8. DEFERRED TAXATION

	2017 £	2016 £
(a) Analysis of deferred tax balances		
Short-term timing differences	-	35,555
Total provision, without discounting	-	35,555

	2017 £	2016 £
(b) Analysis of movement in provision		
Provision at beginning of year	35,555	28,057
Deferred tax (charge) / credit to profit and loss for the period	(35,555)	7,498
Provision at end of year	-	35,555

(c) Deferred tax not provided

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

Legislation was introduced in Finance (No. 2) Act 2015 to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017. A further measure in Finance Act 2016 enacted a reduction in the main rate of corporation tax to 17% from 1 April 2020. These reductions are taken into account in calculating the deferred tax liability disclosed in the accounts.

The directors estimate that the effect of these changes will be to reduce the company's deferred tax liability by £nil (2016: £nil).

9. SHARE CAPITAL

	2017 £	2016 £
Allotted, called-up and unpaid:		
1 ordinary share of £1 each, fully paid	1	1

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

NOTES TO THE FINANCIAL STATEMENTS

10. RELATED PARTY TRANSACTIONS

During the year, the company entered into transactions with related parties within the group and below are the amounts charged to the statement of comprehensive income and balances on the statement of financial position.

	Amounts owed by related parties		Amounts owed to related parties	
	2017	2016	2017	2016
	£	£	£	£
Société Générale, London	333,912	346,186	-	1,196,909
	333,912	346,186	-	1,196,909

	Group interest paid		Group interest received	
	2017	2016	2017	2016
	£	£	£	£
Société Générale, London	5,470	47,379	-	-
	5,470	47,379	-	-

	Income and management fees received from Limited Partnerships		Distributions received from Limited Partnerships	
	2017	2016	2017	2016
	£	£	£	£
The Fenchurch Partnership	-	1,969	(188,786)	(4,511)
The Eiffel Limited Partnership	-	18	(53)	(68)
	-	1,987	(188,839)	(4,579)

SG Leasing (Central 1) Limited is a subsidiary of SG Leasing (March) Limited whose immediate holding company is Société Générale Investments (U.K.) Limited.

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

The ultimate holding company, controlling party and parent of the smallest and largest group for which group accounts are prepared is Société Générale (Refer to Note 12).

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

The amounts outstanding are unsecured and have no fixed date of repayment, settlement occurs in cash.

Funding obtained from Société Générale, London is in accordance with the Group wide policy on managing interest rate risk and liquidity risk (Refer Note 14).

NOTES TO THE FINANCIAL STATEMENTS

10. RELATED PARTY TRANSACTIONS (Continued)

No guarantees have been given or received.

For the year ended, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2016: £nil).

Remuneration of key management personnel
The remuneration of the directors, has been set out in Note 11.

Directors' transactions
There were no loans, quasi-loans or any other transactions carried out with the directors during the year other than what has already been disclosed in the directors report (2016: £nil).

11. EMPLOYEES COST AND DIRECTORS' EMOLUMENTS

The directors received no emoluments for services to the company or SG Leasing (March) Limited during the year (2016: £nil). None of the directors had any material interest in any contract in relation to the business of the company.

The company does not have any employees for 2017 and 2016. All personnel who perform services are employed and remunerated by Société Générale London Branch.

12. HOLDING AND CONTROLLING COMPANY

The company is a subsidiary of SG Leasing (March) Limited whose immediate holding company is Société Générale Investments (U.K.) Limited. Both companies are incorporated in Great Britain and registered in England and Wales.

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

NOTES TO THE FINANCIAL STATEMENTS

13. NOTES TO THE CASH FLOW STATEMENT

	2017 £	2016 £
(a) Reconciliation of cash		
Cash at bank and in hand	333,912	346,186
(b) Reconciliation of profit on ordinary activities to cash from operating activities		
Profit / (loss) on ordinary activities before tax	60,538	(32,738)
Adjusted for:		
Interest receivable	(7,399)	(44,707)
Interest expense	5,470	47,379
Translation difference	(60,579)	-
Loss on termination of partnership	4,113	-
Operating cash flows before working capital changes	2,143	(30,066)
Increase in other receivables	-	684
Cash flow from / (used in) operations	2,143	(29,382)
Interest paid	(7,486)	(50,013)
Income taxes (paid) / refund	(7,670)	3,156
Net cash flow used in operating activities	(13,013)	(76,239)

14. FINANCIAL INSTRUMENTS

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

i) Credit Risk

The Company's principal financial assets exposed to credit risk are loans and other receivables. The Company is exposed to credit risk to the extent that its customers may experience financial difficulty and would be unable to meet their obligations.

To mitigate exposure to credit risk the Group has a risk approval process that is based on five principles:

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

NOTES TO THE FINANCIAL STATEMENTS

14. FINANCIAL INSTRUMENTS (Continued)

i) Credit Risk (Continued)

- Responsibility for analysing and approving risk is delegated to specific credit risk units;
- Risk assessment departments are fully independent at each decision making level.

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

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

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

ii) Market Risk: Interest Rate Risk and Sensitivity Analysis

The Company has loans and other receivables and borrowings that have a potential market risk exposure to movements in interest rates. Société Générale's policy is to concentrate interest rate risks within the capital market activities. These are monitored and controlled by the Group using 'Value at Risk' assessment models.

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

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve. As at 31 December 2017, the Company is not significantly exposed to market risk as its cash in bank is non-interest bearing.

iii) Currency Risk

As at 31 December 2017, the Company is not exposed to the foreign currency transactions and hence there is no currency risk. For all exposures, where the company enters into exposures other than Sterling, it will hedge these exposures with Société Générale.

iv) Fair Values

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

The hierarchy establishes three categories for valuing financial instruments, giving the highest priority to unadjusted active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure an asset or a liability fall to different levels within the hierarchy, the classification of the entire asset or liability will be based on the lowest level input that is significant to the overall fair value measurement of the asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

14. FINANCIAL INSTRUMENTS (Continued)

iv) Fair Values (Continued)

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 in active markets for identical assets or liabilities that the entity can access at the measurement date;
- 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, credit spreads or interest rates and yield curves observable at commonly quoted intervals); and
- 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).

Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The Company develops unobservable inputs using the best information available in the circumstances, which would include the Company's own data, taking into account all information about market participant assumptions that is reasonably available.

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

Where the fixing date is greater than one year, in the absence of an actively traded market, the fair value is calculated by discounting future cash flow to present values based on a market rate yield curve. The fair value hierarchy of these loans is classified as Level 2.

v) Liquidity Risk

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

The financial liabilities declared below include inter-company balances with, and subsidiaries of, the Company's ultimate parent company Société Générale.

(a) Maturity analysis of financial liabilities

	Less than 1 year		2 to 5 years		Greater than 5 years	
	2017	2016	2017	2016	2017	2016
	£	£	£	£	£	£
Financial liabilities						
Borrowings and interest owed to group undertakings	-	1,198,925	-	-	-	-
	-	1,198,925	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

14. FINANCIAL INSTRUMENTS (Continued)

(b) Financial assets and liabilities held at amortised cost

	2017	2016
	£	£
Financial assets	333,912	1,350,926
Financial liabilities	-	1,198,925

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

vi) Concentration Risk

Although the Company's assets are concentrated by geography, type of client and economic sector this is ameliorated by its parent company, SG Leasing (March) Limited, which through its other subsidiaries, achieves suitable diversification.

vii) Capital Management Policies and Procedures

The Company's capital management objectives are:

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

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

Capital structure

	2017	2016
	£	£
Share capital	1	1
Retained earnings	308,846	318,400
Total capital	308,847	318,401