

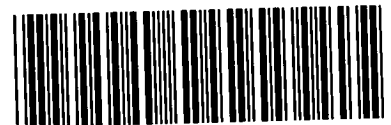
BNP PARIBAS NET LIMITED

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

REGISTERED OFFICE:
10 HAREWOOD AVENUE
LONDON
NW1 6AA

REGISTERED NUMBER: **1557788**
REGISTERED IN ENGLAND & WALES

THURSDAY



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04/06/2020
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BNP PARIBAS NET LIMITED

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BNP PARIBAS NET LIMITED

COMPANY INFORMATION, DIRECTORS AND ADVISORS

Directors

Bruno Fennebresque (Resigned 15 May 2019)
Jean-Michel Garcia (Appointed 10 September 2019)
Rakesh Gupta
Hadi Monceau (Resigned 3 October 2019)
Erica Moon (Appointed 4 January 2019)
James Michael Collingwood Peters (Appointed 10 February 2020)
Ketan Jayantilal Shah
Marc-Michel Stack

Registered Office

10 Harewood Avenue
London
NW1 6AA
United Kingdom

Company Number

Registered in England and Wales No. 1557788

Auditors

PricewaterhouseCoopers LLP
Chartered Accountant and Statutory Auditor
7 More London, Riverside
London
SE1 2RT

BNP PARIBAS NET LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Strategic Report of BNP Paribas Net Limited (the "Company") for the year ended 31 December 2019.

Principal Activity

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

Strategic Aims

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

Review of the Business and Performance

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

As shown in the Company's Income Statement, profit for the year was £1.1 million (2018: £1.3 million).

As shown in the Company's Balance Sheet, total assets for the year ended 31 December 2019 were £10 million (2018: £12.3 million) and total equity was £2.8 million (2018: £3 million).

An interim dividend of £1.3 million was paid during the year (2018: £ nil).

Key Performance Indicators

The Board meets quarterly to review the performance of the Company and uses KPIs to help assess progress and its success against the Company's strategic aim.

The Board routinely monitors the debtor status at each quarterly Board Meeting in order for overdue debt to be measured. This KPI shows the debtor status against revenue by group of clients (BNP Paribas metiers).

Principal Risk and Uncertainties

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. Refer to note 2 of the Financial Statements for more details on financial risk management.

Future Developments

The Company will continue to provide and expand telecommunication services to the BNP Paribas Group. The Company's plans for 2020 are to continue to grow through organic expansion by improving the service range provided to the other entities of the Group and make the investments needed to provide the services and resilience

required to support the expansion of BNP Paribas S.A, the ultimate parent undertaking, and to reduce telecom carrier costs and the number of suppliers.

Statement on Impact of Brexit

A study was undertaken by Company to assess the impact of Brexit on the future domicile of the Company, its operations and contractual obligations to its clients. The impact of Brexit is not expected to have a significant impact on the Company in the foreseeable future.

COVID-19

The COVID-19 pandemic is a developing situation and some costs have been incurred, within the existing allocated budget, to support the needs of clients. At this stage the Board is not in a position to speculate on the duration nor its future impact on the Company. The outbreak is not currently classified as a principal risk to the business and to date the Company has seen no material impact on its business, however, it will continue to monitor the situation closely.

Statement by the Directors in relation to Performance of their Statutory Duties in accordance with Section 172(1) Companies Act 2006

Section 172 of the Companies Act 2006 (“the Act”) requires Directors to take into consideration the interests of stakeholders in their decision-making having regard to the matters set out in Section 172(1)(a)-(f) of the Act. The following section sets out how the Directors have engaged with the Company’s stakeholders during the year.

The Company provides services to BNP Paribas Group (“the Group”) subsidiaries and has no employees. As a wholly-owned subsidiary within the Group, the Directors consider the impact of the Company’s activities on its immediate parent, its Group subsidiary clients and its suppliers.

The Company’s stakeholders are consulted routinely on a wide range of matters including funding decisions, delivery of the Group’s strategy, compliance with Group policies, corporate governance matters and operational matters in relation to the delivery of the Company’s services, to ensure that it provides the appropriate level of service to its clients and that the Company operates high standards of business conduct and governance.

The Directors engage with its immediate parent Company on various matters including governance. During the year under review two new Directors were appointed to broaden the skills and experience of the Board.

During the year, the Company approved the business proposal to expand the Company’s activities in response to a change in the Group’s telecom strategy. This resulted in the Company becoming more involved in the infrastructure for delivering the telecoms strategy, which will help to improve client service and resilience across the Group’s telecoms network.

A copy of this statement is available on the parent company’s website, www.bnpparibas.co.uk/en/legal-privacy/s172-statements.

On behalf of the Board



**Erica Moon,
Director
15 May 2020**

BNP PARIBAS NET LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their Annual Report and the audited Financial Statements of the Company for the year ended 31 December 2019.

The Company is a wholly owned subsidiary undertaking of BNP PUK Holding Limited. The ultimate parent undertaking is BNP Paribas S.A, a company incorporated in France. The Company was incorporated in the United Kingdom ("UK") on 23 April 1981 and is registered in England and Wales.

Information disclosed in the Strategic Report

A discussion around future developments, as required to be disclosed in this report under the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008, is covered in the Future Developments section of the Strategic Report on page 3.

Overview of Risk Management

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

Financial Risk Management

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

Refer to note 2 of the Financial Statements for more details on financial risk management.

Dividends

During the year, the Directors declared and paid an interim dividend on ordinary shares of £1.3 million (2018: £ 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 15 of the Financial Statements.

Charitable and Political Donations

During the year, there were no charitable or political contributions made by the Company (2018: £ nil).

BNP PARIBAS NET LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

Directors

The Directors holding office during the year were as follows:

Bruno Fennebresque	(Resigned 15 May 2019)
Jean-Michel Garcia	(Appointed 10 September 2019)
Rakesh Gupta	
Hadi Monceau	(Resigned 3 October 2019)
Erica Moon	(Chairperson, Appointed 4 January 2019)
Ketan Jayantilal Shah	
Marc-Michel Stack	

Subsequent to the year end, James Michael Collingwood Peters was appointed on 10 February 2020.

Directors' Duties

The Directors consider that they have acted in the way that they consider in good faith would be most likely to promote the success of the Company for the benefit of its Member (having regard to the matters set out in Section 172(1)(a)-(f) of the Act) in the principal decisions taken by the Board during the year. Refer to the Strategic Report on page 4 for further details on how the Directors had regard to its stakeholders in its principal decisions during the year.

Directors' Third Party Indemnity Provisions

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

Going Concern and Liquidity

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

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

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the Financial Statements in accordance with applicable law and regulation.

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 ("IFRS") 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.

BNP PARIBAS NET LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRS as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 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.

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 Act.

The Directors are responsible for the maintenance and integrity of the statement made in relation to Section 172(1) of the Act published on the ultimate parent company's website. Legislation in the UK governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Independent Auditors and Disclosure of Information to Auditors

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

The Directors who held office at the date of approval of this Director's Report confirm that:

- (a) so far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware; and
- (b) each Director has taken all the steps that they ought to have taken as a Director to make themselves 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 Act.

On behalf of the Board



Erica Moon
Director
15 May 2020

BNP PARIBAS NET LIMITED

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

Report on the audit of the Financial Statements

Opinion

In our opinion, BNP Paribas Net Limited's Financial Statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows 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, included within the Strategic Report, Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the income statement, the statement of cash flows, the statement of changes in equity for the year then 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 where:

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

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

Reporting on other information

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

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

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

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

BNP PARIBAS NET LIMITED

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

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 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 in respect of the Financial Statements 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.



Daniel Brydon (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 May 2020

BNP PARIBAS NET LIMITED**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	2019 £'000	2018 £'000
Revenue	3	18,102	17,587
Cost of sales	4	(16,295)	(15,620)
Gross Profit		1,807	1,967
Other income / (expenses)	5	5	(41)
Operating profit		1,812	1,926
Interest income	6	92	34
Interest expense	7	(51)	(35)
Impairment provision reversal	12	186	56
Profit before taxation	8	2,039	1,981
Taxation	9	(912)	(689)
Profit for the year		1,127	1,292

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

There was no other comprehensive income for the year ended 31 December 2019 or the prior year.

The notes on pages 14 to 26 form part of these Financial Statements.

BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	31 December 2019 £'000	31 December 2018 £'000
ASSETS			
Non-current assets			
Deferred tax asset	10	266	279
Property, plant and equipment	11	2,141	1,970
Total non-current assets		2,407	2,249
Current assets			
Trade and other receivables	12	2,225	8,646
Cash and cash equivalents	13	5,398	1,411
Total current assets		7,623	10,057
TOTAL ASSETS		10,030	12,306
EQUITY			
Share capital	15	500	500
Retained earnings		2,291	2,456
TOTAL EQUITY		2,791	2,956
LIABILITIES			
Current liabilities			
Trade and other payables	14	7,239	6,397
Borrowings	13	-	2,953
Total current liabilities		7,239	9,350
TOTAL LIABILITIES		7,239	9,350
TOTAL EQUITY AND LIABILITIES		10,030	12,306

The notes on pages 14 to 26 form part of these Financial Statements.

The Financial Statements on pages 10 to 26 were approved by the Board of Directors on 15 May 2020 and were signed on its behalf and authorised for issue by:


Erica Moon,
Director

BNP PARIBAS NET LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
Opening balance 1 January 2018		500	1,164	1,664
Profit for the year and total comprehensive income		-	1,292	1,292
<hr/>				
At 31 December 2018		500	2,456	2,956
<hr/>				
Opening balance 1 January 2019		500	2,456	2,956
Profit for the year and total comprehensive income		-	1,127	1,127
Interim dividend	17	-	(1,292)	(1,292)
<hr/>				
At 31 December 2019		500	2,291	2,791

The notes on pages 14 to 26 form part of these Financial Statements.

BNP PARIBAS NET LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit before taxation		2,039	1,981
Adjustments for:			
— interest income	6	(92)	(34)
— interest expense	7	51	35
— depreciation	11	898	812
— foreign exchange (gain) / loss		(25)	23
— impairment write back for trade receivables		(186)	(56)
Changes in working capital:			
Changes in working capital excluding interest and taxation:			
— decrease / (increase) in trade and other receivables excluding allowances for doubtful debts		6,847	(1,986)
— increase in trade and other payables		546	171
Cash flows generated from operating activities		10,078	946
Interest received		86	19
Interest paid		(90)	-
Irrecoverable withholding tax		(621)	(254)
Tax paid		(240)	(154)
Net cash flows generated from operating activities		9,213	557
Cash flows from investing activities			
Purchase of fixed assets	11	(1,069)	(1,029)
Net cash flows used in investing activities		(1,069)	(1,029)
Cash flows from financing activities			
Interim dividend paid	17	(1,292)	-
Net cash flows used in financing activities		(1,292)	-
Net cash flows generated from / (used in) operating, investing and financing activities		6,852	(472)
Net increase / (decrease) in cash and cash equivalents		6,852	(472)
Cash and cash equivalents at 1 January		(1,542)	(967)
Foreign exchange gain / (loss) on cash and deposits held in foreign currency		88	(103)
Cash and cash equivalents at 31 December		5,398	(1,542)
Reconciliation of cash and cash equivalents			
Cash and cash equivalents		5,398	1,411
Borrowings		-	(2,953)
Net cash and cash equivalents at 31 December		5,398	(1,542)

The above illustrates the indirect method of reporting cash flows from operating activities.

The notes on pages 14 to 26 form part of these Financial Statements.

1. Accounting policies

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

a) Basis of preparation

These Financial Statements have been prepared in accordance with UK law and IFRS as adopted by the European Union ("EU"), the Act that applies to companies reporting under IFRS, and IFRS IC interpretations. The Financial Statements have been prepared under the historical cost convention.

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 2019 that have a material effect on the Financial Statements as at 31 December 2019.

Certain new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2019 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.

Going concern and liquidity

As noted in the Directors' Report, the Directors have at the date of approving the Financial Statements a reasonable expectation that the Company will continue to have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Financial Statements.

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, specifically the impairment of trade receivables. The Company uses a provision matrix to calculate the impairment of trade receivables, and judgement is applied where additional factors affecting recoverability are known. The impairment is sensitive to the age of the trade receivables.

c) Revenue recognition

(i) Revenue

Revenue arises from telecommunication services, invoiced to BNP Paribas Group undertakings. Revenue is recognised based on when the performance obligations agreed as part of the customer contract are satisfied. The performance obligation is the provision of uninterrupted telecommunication services. The performance obligations are satisfied over time and the Company recognises revenue from the contract over the period of service.

(ii) Interest income

Interest income arises from cash and cash equivalents and is recognised in the Income Statement using the effective interest rate method.

1. Accounting policies (continued)

c) Revenue recognition (continued)

(iii) Interest expense

Interest expense arises from borrowings and is 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, being the Company's functional and presentation currency.

(ii) Transactions and balances

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

e) Property, plant and equipment

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

f) Impairment of property, plant and equipment

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

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

g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks, other short term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

h) Share capital, capital contribution, debt instruments and dividend distributions

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.

1. Accounting policies (continued)

i) Taxation

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

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

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

j) Financial assets

All financial assets are initially recognised at fair value, plus transaction costs.

The Company classifies its financial assets as 'financial assets at amortised cost'. 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.

The classification includes:

Financial assets at amortised cost

Financial assets at amortised cost are financial assets that have fixed or determinable payments that are not quoted in an active market. Financial assets at amortised cost, including trade and other receivables, are recognised initially at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

k) Impairment of financial assets

Financial assets at amortised cost

Impairment calculation on the Company's financial assets under IFRS 9 moved from an incurred loss model to an expected credit loss ("ECL") model. The ECL impairment model applies to financial assets at amortised cost which include trade receivables, term deposits, and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either:

- 12-month ECLs: these are ECLs that result from the expected default events within 12 months after the reporting date;
- Lifetime ECLs non-impaired assets: these are ECLs that result from all possible default events over the expected life of the financial instrument; and
- Lifetime ECLs credit-impaired financial assets: these are assets that have objective evidence of impairment at the reporting date and the loss allowance is measured as an amount equal to the lifetime expected credit loss.

1. Accounting policies (continued)**k) Impairment of financial assets (continued)**

When determining whether the credit risk on a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information available. This includes both quantitative and qualitative information, and the analysis is based on the Company's historical experience and informed credit assessment including forward looking information.

Measurement of expected credit loss

The Company applies the simplified approach to determining the impairment for trade receivables with maturity shorter than 12 months. The simplified model consists in accounting for a loss allowance corresponding to the lifetime expected credit losses since initial recognition, and at each reporting date. The Company uses a provision matrix as a practical expedient to calculate the impairment loss. The definition of default is aligned to the Basel regulatory default definition, with a rebuttable presumption that the default occurs no later than 90 days past due.

l) Financial liabilities

Financial liabilities, including borrowings and trade and other payables, are initially recognised at fair value, net transaction costs. Borrowings 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 risks: credit risk, liquidity risk and market risk. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance

a) Credit risk

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

These assets represent exposures to other Group undertakings.

Maximum exposure to credit risk before collateral held or credit enhancements

	2019	2018
	£'000	£'000
Trade and other receivables	2,225	8,646
Cash and cash equivalents	5,398	1,411
	7,623	10,057

The above table represents the worst case scenario of credit risk exposure for the Company at 31 December 2019 and 2018. The exposures set out above are based on the carrying amounts as reported in the Balance Sheet. No collateral is held against these exposures. There is a concentration of risk as these exposures are to Group companies.

2. Financial risk management (continued)

a) Credit risk (continued)

Financial assets past due but not impaired

There were £0.5 million of financial assets that were more than 90 days past their contractual due date but not impaired (2018: £1.6 million). This exposure is to BNP Paribas Group undertakings. The ageing analysis of these trade receivables is as follows:

	2019	2018
	£'000	£'000
3 to 6 Months	323	763
6 to 12 Months	135	806
Over 12 Months	23	12
	481	1,581

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. The Company is exposed to liquidity risk on its trade and other payables and borrowings.

Prudent liquidity risk management is achieved by maintaining sufficient cash and trade and other receivables. In the event the Company requires short-term liquidity, it is able to obtain the necessary funding from BNP Paribas S.A, the ultimate parent undertaking.

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

At 31 December 2019	Up to 3 Months	3 to 6 Months	6 to 12 Months	1- 5 Years	Total
	£'000	£'000	£'000	£'000	£'000
Financial Liabilities					
Trade payables	6,156	-	-	-	6,156
Other payables	1,083	-	-	-	1,083
Total Liabilities	7,239	-	-	-	7,239
At 31 December 2018	Up to 3 Months	3 to 6 Months	6 to 12 Months	1- 5 Years	Total
	£'000	£'000	£'000	£'000	£'000
Financial Liabilities					
Borrowings	2,953	-	-	-	2,953
Trade payables	5,753	-	-	-	5,753
Interest payable	-	-	39	-	39
Other payables	605	-	-	-	605
Total Liabilities	9,311	-	39	-	9,350

2. Financial risk management (continued)

c) Market risk

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

(i) Foreign exchange risk

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

(ii) Interest rate risk

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

Interest rate risk sensitivity

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

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

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

If interest rates had been 100 (2018: 100) basis points higher and all other variables were held constant, the Company's profit for the year ended 31 December 2019 would increase by £53,980 (2018: increase by £15,422). This is attributable to the Company's exposure to interest rates on its variable rate assets and liabilities.

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

3. Revenue

Revenue comprises income received and receivable in relation to telecommunication services provided to BNP Paribas Group undertakings.

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****4. Cost of Sales**

	2019	2018
	£'000	£'000
Consultancy fees	(308)	(408)
Telecommunication costs	(9,542)	(11,115)
Central expenses recharged by BNP Paribas	(5,194)	(3,014)
Depreciation	(898)	(812)
Other costs	(353)	(271)
	(16,295)	(15,620)

5. Other income / (expenses)

	2019	2018
	£'000	£'000
Foreign exchange gain / (loss)	25	(23)
Audit fees	(20)	(18)
	5	(41)

Auditors' remuneration comprises of audit fees for 2019 of £20,279 (2018: £17,982). There are no fees relating to other services provided by the Company's Auditors.

6. Interest income

	2019	2018
	£'000	£'000
Interest income	92	34

Interest income is earned on cash and cash equivalents at an average annual interest rate of 0.25% (2018: 0.15%).

7. Interest expense

	2019	2018
	£'000	£'000
Interest expense	(51)	(35)

Interest expense is charged on borrowings with BNP Paribas S.A, the ultimate parent undertaking, at an average annual rate of 0.41% (2018: 0.15%).

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****8. Profit Before Taxation**

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

a) Services provided by the ultimate parent undertaking

As a wholly owned subsidiary of the BNP Paribas Group, the Company is provided with management, support and infrastructure services by BNP Paribas S.A, 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 S.A, 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 S.A, 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 2019 (2018: none).

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

	2019	2018
	£'000	£'000
Current tax:		
UK corporation tax on profits for the year	(282)	(344)
Foreign tax	(621)	(329)
Adjustments in respect of prior years	4	(27)
Tax charge	(899)	(700)
Deferred tax:		
Origination and reversal of timing differences	17	11
Impact on change in tax rate	(30)	-
Deferred tax (charge) / credit	(13)	11
Total tax charge for the year	(912)	(689)

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****9. Taxation (continued)****(b) Factors affecting tax charge for the year**

The tax assessed for the year is higher (2018: higher) than the profit on ordinary activities before taxation multiplied by the rate of corporation tax in the UK of 19% (2018: 19%).

The charge for the year can be reconciled as follows:

	2019	2018
	£'000	£'000
Profit before taxation	2,039	1,981
Profit before tax multiplied by corporation tax in the UK of 19% (2018: 19%)	(387)	(376)
<i>Effects of:</i>		
Change in tax rate	(30)	-
Foreign tax	(535)	(293)
Prior year adjustments	4	(27)
Impairment provision reversal not deductible	36	7
Tax charge for the current year	(912)	(689)

10. Deferred tax asset

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17.1% (2018: 19%).

	2019	2018
	£'000	£'000
Opening balance at 1 January	279	268
Profit and loss (charge) / credit	(13)	11
At 31 December	266	279

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

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****11. Property, plant and equipment**

	2019	2018
	£'000	£'000
Cost		
At 1 January	5,323	4,580
Additions	1,069	1,029
Write-down	(19)	(286)
At 31 December	6,373	5,323
Accumulated Depreciation		
At 1 January	3,353	2,827
Charge for the year	898	812
Write-down	(19)	(286)
At 31 December	4,232	3,353
Net book value at 31 December	2,141	1,970
Net book value at 1 January	1,970	1,753

Property, plant and equipment consists of routers, switches, firewalls and associated network and telecommunication equipment. There are no contractual commitments for the acquisition of property, plant and equipment.

12. Trade and other receivables

	31 December 2019	31 December 2018
	£'000	£'000
Trade receivables net of impairment provision	2,029	8,368
Input VAT receivable	104	12
Accrued income	26	20
Prepayments	66	246
	2,225	8,646

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

The trade receivables balance includes an impairment provision of £0.4 million (2018: £0.6 million) on aged receivables. The reduction in the provision is as a result of aged receivable balances which have been settled in the year, and is recognised as income in the year.

An impairment provision matrix is applied to trade receivables balances which are past their contractual due date of 30 days. In 2018, the impairment provision matrix was applied to trade receivables balances on the date the invoice for services supplied was raised. The change in accounting estimate in 2019 has resulted in a reduction in the impairment provision of £0.06 million.

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****13. Cash and cash equivalents and borrowings**

	31 December 2019	31 December 2018
	£'000	£'000
Cash and cash equivalents	5,398	1,411
Borrowings	-	(2,953)
	5,398	(1,542)

Cash and cash equivalents represent current accounts and intercompany balances held with BNP Paribas S.A, the ultimate parent undertaking. Borrowings represent amounts due to BNP Paribas S.A, the ultimate parent undertaking. All balances are repayable on demand.

14. Trade and other payables

	31 December 2019	31 December 2018
	£'000	£'000
Trade payables	6,156	5,753
Interest payable	-	39
Corporation tax payable	623	585
Other payables	460	20
	7,239	6,397

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

15. Share capital

		31 December 2019	31 December 2018
	No of shares	£'000	£'000
Allotted, called up and fully paid ordinary shares of £1 each	500,000 (2018: 500,000)	500	500

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

BNP PARIBAS NET LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019****16. Related party transaction**

The transactions undertaken with related parties during the year gave rise to the following Income Statement items:

Nature of income	Related party	2019	2018
		£'000	£'000
Revenue	Fellow subsidiary undertakings	18,102	17,587
Interest income	Ultimate parent undertaking	92	34
Interest expense	Ultimate parent undertaking	(51)	(35)
Central expenses recharged by BNP Paribas	Ultimate parent undertaking	(5,194)	(3,014)

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

Nature of balance	Related party	31 December 2019	December 2018
		£'000	£'000
Cash and cash equivalents	Ultimate parent undertaking	5,398	1,411
Borrowings	Ultimate parent undertaking	-	(2,953)
Trade receivables	Fellow subsidiary undertakings	2,029	8,368
Interest payable	Ultimate parent undertaking	-	(39)
Accrued income	Ultimate parent undertaking	26	20

17. Dividends

	2019	2018
	£'000	£'000
Interim dividend on ordinary shares	1,292	-

On 30 October 2019, the Company paid a £1.3 million dividend to BNP PUK Holding Limited, the immediate parent undertaking (2018: £ nil). This represents a return of £2.58 per share.

18. Capital management

The Company defines capital as total equity. As at 31 December 2019, the value was £2.8 million (2018: £3 million).

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. In order to maintain or adjust its capital structure, the Company can return capital to its shareholder, adjust the amount of dividends paid to its shareholder or issue new shares.

19. Ultimate parent undertaking and controlling party

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

The ultimate parent undertaking and controlling party is BNP Paribas S.A, 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 2019. The consolidated Financial Statements of BNP Paribas S.A are available from 16 Boulevard des Italiens, 75009 Paris, France.