Societe Generale Equipment Finance Limited

Annual Report and Financial Statements

31 December 2019

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COMPANIES HOUSE

Registered number:

03596854

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Contents

Strategic report

Principal activity and review of the business

The principal activity of Societe Generale Equipment Finance Ltd ("the Company") is the provision of hire purchase, lease and operating lease finance over a range of asset types. The directors anticipate that the business will grow in the coming year.

The directors set out below a review of the business performance and development during the year and the position of the business at the end of the year. The review is consistent with the size and nature of the business and is written in the context of risks and uncertainties faced, bearing in mind the support of the ultimate parent company, Société Générale. The Company, privately limited by shares, is the holding company for SG Equipment Finance (December) Limited. The Company and its subsidiary are concerned with the vendor and equipment finance business of Société Générale Equipment Finance SA ("Parent Company") in the UK. Société Générale Equipment Finance SA is a global business line of Société Générale's International Banking and Financial Services division. It delivers equipment finance solutions in 35 countries.

During the year the Company entered into finance lease, operating lease, hire purchase and loan receivables agreements with a value of £578.9m (2018: £555.7m) and there was a profit for the year of £18.9m (2018: £14.5m). Different levels of business and profit are expected from year to year depending upon the timing, source and nature of the transactions concerned.

The business uses the return on the total portfolio, calculated as earnings derived from operating leases, finance leases, hire purchase and loan receivable agreements as a percentage of the average portfolio, as a Key Performance Indicator (KPI) in assessing the level of return. The return on the total portfolio rose to 4.83% in 2019 (2018: 4.71%). The total number of agreements held grew by 5,535 in the year (2018: 3,520). The return varies from year to year according to the profile of the business contained therein. The change in this yield reflects the continued change in the composition of the portfolio as the new business volume was written at slightly higher gross rates than that in the previous year.

Principal risks and uncertainties

The Company manages financial risk by ensuring that, so far as is practicably possible, the portfolio is funded in such a way that it is hedged against movements in interest rates. The majority of the funding is provided by Société Générale, however there is also funding received under an agreement with the European Investment Bank that is used to increase lending to the SME sector. Where necessary, the Company hedges foreign currency risk by funding foreign currency deals with borrowings in the same currency.

The Company enjoys the full support of Société Générale which provides cash flow and liquidity as required.

The main risks within the business are the ability to collect the rentals that are due and the interest retained in residual values. The former risk is managed by careful assessment of the credit and asset covenants in transactions the Company undertakes. The Company has implemented policies that require appropriate level credit checks on potential customers before deals are written. The latter is managed on a prudent basis and with reference to experience gained over a number of years. In the opinion of the directors these risks are mitigated by the support of the Parent Company and the quality and wide spread of the underlying customer credits.

Impact of COVID-19

Developments in COVID-19 remain a source of uncertainty, although on 08 December 2020 the first UK vaccination was administered offering hope that the pandemic will soon be under control. Whilst COVID-19 not impact the current year's financial results, at the time of signing the Company has experienced a sharp drop in activity in a number of more badly affected sectors such as medical, industrial equipment and transport. The Company has also seen a significant drop in demand for leasing of lower value IT assets. However, both the Agricultural and large ticket IT sectors have remained resilient to the crisis helping to lessen the overall impact of reduced levels of new business. Whilst the Government appears committed to supporting the economy through offering various support packages aimed at protecting businesses from failure, the effect of COVID-19 will inevitably impact the financial statements made up to 31 December 2020. On Wednesday 12th August, the UK formally entered into recession for the first time since the financial crisis after GDP nosedived by 21% between April and June. This undoubtably will have an impact upon trading activities although the timing and magnitude are very much uncertain.

Brexit

At the date of signing the accounts there is still no clear outcome as to whether the Brexit negotiations will be concluded ahead of the 31 December 2020 deadline. The UK formally left the EU on 31 January 2020 but there is still a lot of work needed to decide what the future relationship with the EU will look like, particularly with regards to the common fishery policy, competition rules and how a deal will be policed. These discussions will need to be worked out during the transition period which began on 01 February 2020 and will remain in place until 31 December 2020. The leasing business is predominately carried out within the UK so any complications arising from cross border arrangements are unlikely to have much impact upon the business. Nevertheless, although the uncertainty of leaving the European Union will undoubtedly have an effect upon the decision of a number of our customers to enter into leasing arrangements, the lack of clarity around the final outcome makes it impossible to draw any real conclusions as to the extent of the impact.

Section 172(1) Statement

The statements below set out how the directors have acted in good faith in promoting the success of the Company for the benefits of all its stakeholders and in doing so have met their S172 duty:

(a) *the likely consequences of any decision in the long term,*
The Company produces an annual five-year plan on a revolving basis to the immediate parent where the focus is upon on creating long-term sustainable growth. As noted in the principle risk and uncertainties section, the Company operates a matched funding policy with the sole intention of eliminating risk to adverse movements in both interest rates and currency. This involves the Treasury function taking a long-term position as opposed to short-term decisions and operating as a profit centre. The same approach is taken in the management of residual value risk, where the emphasis is upon setting residuals at achievable levels as opposed to taking a more aggressive stance in order to maximise new business generation.

(b) *the interests of the company's employees,*
The health, safety and wellbeing of employees is the main priority of the Company. During 2019, the Company launched its corporate vision statements; one of which fosters a culture of becoming a Great Place to Work, where the interests and wellbeing of staff are placed at the centre of the Management's decision-making process. More latterly, the Company has had to adapt to the global COVID-19 pandemic. The immediate priority has been the health of employees and the creation of a safe working environment, which has led to most employees working from home throughout much of 2020. The Company recognises that not all employees react to home working in the same way, so a series of mental health workshops have been run to help promote a healthy work life balance.

Section 172(1) Statement (continued)

(c) *the need to foster the company's business relationships with suppliers, customers and others,*
The creation of long-term business relationships is key to the on-going success of the Company. All decisions are taken with the view to enhancing value and strengthening the customer proposition whilst creating barriers to entry for competitors. The Company is regulated by the Financial Conduct Authority and as such, adopts the standards and principles set out in the FCA's code of conduct.

(d) *the impact of the company's operations on the community and the environment,*
The Company is fully committed to creating a culture of Corporate Social Responsibility. In doing so, employees engage in activities in coordination with both SG Bank in London as well as initiatives run by SG Group in Paris. One such example is the joint sponsoring of a dedicated charity each year where staff contributions are matched the Company. More locally, the Company has a volunteering policy which supports employees to engage in wider social activities through providing additional annual leave to carry out these responsibilities.

(e) *the desirability of the company maintaining a reputation for high standards of business conduct,*
The Company adopts the SG Group Code of Conduct where the fundamental principle requires all employees to behave with integrity on a day-to-day basis. Employees should promote responsible lending and act in an ethical and responsible manner. The culture is set by the Board and all employees are actively encouraged to treat both customers and suppliers fairly with an emphasis on doing the right thing.

(f) *the need to act fairly as between members of the company.*
The Company only has one subsidiary, SG Equipment Finance (December) Ltd, which has no employees so there is no chance of operating within a manner which could lead to any conflict of interest. The immediate parent has a corporate vision 'One SGEF' which promotes cross collaboration between entities to support the Group's international vendor partners and banking clients. Sharing of best working practices is encouraged and Group projects are often coordinated from Paris to support local entities, thus leaving little scope for entities to act within their own self-interest.

On behalf of the Board
Timothy Edward Goodship

T Goodship

Director
14 December 2020

Directors' report

The directors present their report and the audited financial statements of Societe General Equipment Finance Ltd ("the Company") for the year ended 31 December 2019. The accounts were issued to the directors on 15 September 2020 and approved for signing on 15 September 2020.

Directors

The directors who held office during the year and up to the date of signing were as follows:

G Turner (resigned 1 February 2019)
D Yates-Mercer (resigned as secretary 1 February 2019)
D Hughes
S Bowden
T Goodship (appointed 1 February 2019 as both director and secretary)

Results and dividends

The profit for the year after taxation amounted to £18.9m (2018 – profit of £14.5m). A dividend of £100,000 per share was paid during the year, amounting to £10m (2018 - £31m).

Going concern

The directors have completed a formal assessment of the Company's financial resources, including its budgets and forecasts, as part of their review of the Societe Generale Equipment Finance UK group of companies. Based on this review, the directors believe that the Company is well placed to manage its business risks successfully despite the uncertainties inherent in the current economic outlook, both as a result of BREXIT and the current COVID-19 pandemic. After making appropriate enquiries, 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. Principal risk and uncertainties as well as the financial risk management have been covered in the strategic report and has been added here as a cross reference.

Events after the reporting period

On 29 January 2020, the first confirmed case of COVID-19, a highly infectious respiratory disease which originated in China prior to the accounting year end date, was announced in the UK. On 11 February, the World Health Organization officially named the virus as COVID-19 and on 11 March 2020 declared it as a global pandemic. Since then, the UK government has implemented special measures to put the UK into two national lockdowns as well as introduce a 3 Tier system designed to restrict the activities of individuals and businesses within certain sectors. At the date of signing, circa 1.75m people in the UK have been confirmed as having contracted the virus with over 62,000 confirmed deaths.

The lockdown measures have forced a number of businesses to temporarily suspend trading activities due to difficulties around social distancing. This has resulted in a large number of customer requests to enter into debt moratoria. There is still a large degree of uncertainty as to how long both the lockdown and social distancing measures will remain in place, although the breakthrough of a vaccination does provide a degree of hope that these restrictions won't remain beyond 2021. Accordingly, it is too soon to be able to quantify the impact that COVID-19 will have upon our customers to meet their payment obligations or to predict with any degree of certainty the impact upon the Company's cost of risk.

Future development

The directors expect the business to contract over the course of the coming financial year due to the general slowdown in the UK economy as a result of COVID-19. The expectation, however, as the economy picks up, is for new business levels to reach pre-COVID-19 levels toward the end of the fourth quarter of 2020. In terms of overall portfolio size, the business is unlikely to start expanding again before the second quarter of 2021.

Liability Insurance for company officers

The Company has taken out liability insurance as permitted under Part 10 of the Companies Act 2006 to cover directors and officers.

Environment

The Company recognises that it has a responsibility to act in a way that respects the environment and operates in accordance with Société Générale group policies, which are described in the group's annual report and does not form part of this report.

Employees

The Company is committed to developing policies that encourage all employees to achieve their greatest potential and to contribute to the success of the company. It is the policy of the Company to provide equal employment opportunities to all employees and applicants. The Company does not discriminate on the basis of sex or sexual orientation, race, religion, colour, nationality, ethnic or national origin, marital status, disability or age. The Company will make all employment decisions in a non-discriminatory manner. This includes personnel decisions relating to recruitment, compensation, benefits, transfers, promotions, training and severance.

The Company is committed to giving reasonable consideration to providing facilities for recruitment, employment and promotion of disabled employees. It is also the Company's aim, where practicable, to continue to employ those who may become disabled during the course of their employment but remain capable of working and the Company will make such reasonable adjustments as are appropriate to that end. The Company endeavours to keep employees informed about the progress of the business. Information on significant developments is regularly communicated to staff by senior management and employee involvement is encouraged.

Supplier payment policy

It is the policy of the Company to pay suppliers in line with the terms agreed with them when the supplies are ordered.

Charitable and political donations

During the year the Company made donations to several charitable organisations. The total amounted to £12,500 (2018: £12,720). There were no contributions for political purposes made during the year (2018: £nil).

Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Appointment of Auditors

A resolution to reappoint Deloitte LLP as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors

T Goodship

Timothy Edward Goodship

Director

14 December 2020

Statement of directors' responsibilities

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework". 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 auditor's report to the members of Societe Generale Equipment Finance Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Societe Generale Equipment Finance Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

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

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC'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.

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or the directors' report.

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.

We have nothing to report in respect of these matters.

Use of our report

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

Ben Jackson, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

14 December 2020

Statement of comprehensive Income
for the year ended 31 December 2019

	Note	2019 £'000s	Restated * 2018 £'000s
Interest from finance agreements	2	46,334	42,019
Operating lease rentals	2	6,715	4,713
Turnover		**53,049**	**46,732**
Interest income	3	473	583
Interest payable and similar charges	4	(14,786)	(13,203)
Depreciation on right of use asset	7	(546)	0
Depreciation on operating leases	7	(5,625)	(3,836)
Gross profit		**32,565**	**30,276**
Administration expenses	5	(14,001)	(13,426)
Other operating income		4,259	3,501
Impairment charged during the year	11	(4,997)	(2,444)
Investment Income		4,000	0
Profit before taxation		**21,826**	**17,907**
Tax charge on profit	6	(3,028)	(3,434)
Profit for the financial year		**18,798**	**14,473**
Other comprehensive income		0	0
Total comprehensive income for the year		**18,798**	**14,473**

** The comparative information for the reclassification has been provided in note 17*

All turnover and profits relate to continuing operations.

The notes on pages 13 to 33 form an integral part of these financial statements.

Statement of financial position as at 31 December 2019

	Note	2019 £'000s	Restated* 2018 £'000s
Assets:			
Non-current assets			
Tangible assets	7	29,036	22,219
Right of use asset	7	3,278	0
Intangible assets	8	1,503	1,803
Investments in subsidiaries	9	1	1
Deferred tax	10	1,559	1,545
Trade receivables	11	624,526	582,504
		659,903	**608,072**
Current assets			
Trade receivables	11	390,524	375,961
Cash and cash equivalent	12	47,375	40,985
Other receivables	13	9,752	15,497
		447,651	**432,445**
Total assets		**1,107,554**	**1,040,517**
Liabilities:			
Non-current liabilities			
Loans	14	(645,227)	(607,338)
		(645,227)	**(607,338)**
Current liabilities			
Loans and overdrafts	14	(387,054)	(375,483)
Other payables	15	(31,788)	(25,706)
Provisions		(263)	0
Lease Liability		(3,308)	0
Current tax liability		(1,213)	(2,087)
		(423,626)	**(403,276)**
Total liabilities		**(1,068,853)**	**(1,010,614)**
Net assets		**38,701**	**29,903**
Equity			
Share capital (amount less than £1,000)	16	0	0
Retained earnings		38,701	29,903
Total equity and reserves		**38,701**	**29,903**

* *The comparative information for the reclassification has been provided in note 17*

The notes on pages 13 to 33 form an integral part of these financial statements. The financial statements were approved and authorised for issue by the directors on 14 December 2020 and are signed on their behalf by:

T Goodship

Timothy Edward Goodship
Director
14 December 2020

Statement of changes in equity
for the year ended 31 December 2019

	Share Capital	Retained Earnings	Total Equity
	£'000s	**£'000s**	**£'000s**
At 1 January 2018* Restated	**0**	**46,430**	**46,430**
Profit for the year	0	14,473	**14,473**
Other comprehensive income	0	0	**0**
Total comprehensive income for the year	**0**	**14,473**	**14,473**
Equity dividend paid	0	(31,000)	(31,000)
At 31 December 2018	**0**	**29,903**	**29,903**
At 1 January 2019	**0**	**29,903**	**29,903**
Profit for the year	0	18,798	18,798
Other comprehensive income	0	0	0
Total comprehensive income for the year	**0**	**18,798**	**18,798**
Equity dividend paid	0	(10,000)	(10,000)
At 31 December 2019	**0**	**38,701**	**38,701**

** The comparative information for the reclassification has been provided in note 17*

Notes to the financial statements

1. Accounting policies

Basis of preparation

Societe Generale Equipment Finance Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The financial statements have been prepared on a going concern basis under the historical cost convention. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements and have been prepared on the going concern basis. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 3.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and the Companies Act 2006.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006 because it is a subsidiary undertaking of Société Générale Equipment Finance SA , which prepares consolidated financial statements which are publicly available (note 19). Accordingly these financial statements only contain information about Societe Generale Equipment Finance Limited and not its subsidiary undertakings.

The address of the registered office is given on the cover page and details of the ultimate parent company are provided in note 18.

The company's financial statements are presented in sterling, which is the currency of the primary economic environment in which the Company operates and all values are rounded to the nearest thousand pound (£1,000) except where otherwise indicated.

The accounting policies that follow set out those policies which apply in preparing financial statements for the year ended 31 December 2019 (and prior year). The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and has consequently taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment, because the share based payment concerns the instrument of another group entity;
(b) the requirements of IFRS 7 Financial Instruments: Disclosures;
(c) the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    i. paragraph 79(a)(iv) of IAS 1;
    ii. paragraph 73(e) of IAS 16 Property, Plant and Equipment;
(d) the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111, 134 to 136 of IAS 1 Presentation of Financial Statements
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
(g) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
(h) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
(i) the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement.

Accounting policies (continued)

(j) The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS36 Impairment of Assets.

(k) The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

(l) The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

Going concern

The directors have completed a formal assessment of the Company's financial resources, including its budgets and forecasts, as part of their review of the Societe Generale Equipment Finance UK group of companies. Based on this review, the directors believe that the Company is well placed to manage its business risks successfully despite the uncertainties inherent in the current economic outlook, both as a result of BREXIT and the current COVID-19 pandemic. After making appropriate enquiries, 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. Thus they continue to adopt the going concern basis of accounting for these financial statements.

Impact of initial application of IFRS 16 Leases

In the current year, the Company has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Company is 1 January 2019.

The Company has applied IFRS 16 using the cumulative catch-up approach which:

- requires the Company to recognise the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- does not permit restatement of comparatives, which continue to be presented under IAS 17 and IFRIC 4.

<u>(a) Impact of the new definition of a lease</u>

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

Accounting policies (continued)

The Company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on Lessee Accounting

(i) Former operating leases

IFRS 16 changes how the Company accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Company:

(a) recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii);

(b) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other operating expenses' in profit or loss.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying IAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

The right-of-use asset and the lease liability are accounted for applying IFRS 16 from 1 January 2019.

(c) Impact on Lessor Accounting

IFRS 16 does not change substantially how a lessor accounts for leases. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

However, IFRS 16 has changed and expanded the disclosures required, in particular regarding how a lessor manages the risks arising from its residual interest in leased assets.

Finance leasing and hire purchase commitments

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Accounting policies (continued)

Financial Instruments

Financial assets and financial liabilities are recognised in the Company's Statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs not directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Classification and measurement

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

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

Accounting policies (continued)

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired.

For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the 'interest income' line item (note 3).

Impairment of financial assets

The Company calculates the impairment of financial assets in accordance with a model of expected credit losses (ECLs) as prescribed by IFRS 9. In the calculation of ECLs the standard allows for the adoption of either a simplified method or general method to be followed; the Company has decided to apply the general approach. The impact of IFRS 9 is covered in note 11.

The general approach requires the calculation of ECLs on a three step approach. Upon initial recognition losses expected from default events in the following year (12 month ECL) are recognised as a loss allowance in stage 1. If there is a significant deterioration in the credit risk since initial recognition, but no impairment to creditworthiness, provisions are recognised in the amount of ECLs that result from all possible default events over the expected life of the instrument. This typically applies to any contractual payment falling over 30 days in arrears and is therefore placed in stage 2.

If there is an impairment of creditworthiness (default event), the amount of ECLs must represent the expected losses in contractual cash flows. A default occurs when a material contractual payment falls over 90 days due from the contractual due date unless this event is due to a commercial or legal dispute. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, that gives rise to the probability that they will enter bankruptcy or other financial reorganisation over the entire remaining contractual term. Impaired assets matching this description are categorised in stage 3.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss

Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities that are not (i) held-for-trading, or (ii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

Accounting policies (continued)

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

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss

Cash and cash equivalent

Cash and cash equivalents include cash at hand, deposits held at call, accessible within 3 months, with banks and overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting 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 the 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.

Tangible assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases::

Office furniture, and fittings	up to 120 months
Computer and office equipment	36 months to 60 months
Leasehold improvements	up to 120 months
Operating leases	up to 120 months

Accounting policies (continued)

On 01 January IFRS 16 came into effect which puts the premises hire onto the face of the Statement of Financial position as a 'right of use asset' with a corresponding liability shown as a "right of use liability" reflecting the future payments to be made under the rental contract. The Company has chosen to adopt the cost model which recognises the asset at cost less any accumulated depreciation and accumulated impairment losses. Depreciation is recognised separately in the Statement of Other Comprehensive Income along with an interest expense charge to unwind the financial liability over the contract period. Due to the way in which the asset is valued (being equal to the present value of the future rental payments) the timing of the depreciation posting isn't exactly equal the premises charge which would have been posted to the Statement of Other Comprehensive Income under IAS 17. Prior to the adoption of IFRS 16 the rental charge was recorded directly in the Statement of comprehensive Income as an administration charge.

Assets under Operating Leases as lessor

Equipment on hire, with the Company as lessor, under operating leases are treated as fixed assets and depreciated under a straight line method to write off the cost of the fixed assets down to their estimated residual values over the minimum term of the hire contract. Rental income from operating leases is recognised in the statement of comprehensive Income on a straight-line basis over the lease term.

Impairment of tangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets

The intangible fixed assets represent software and development where the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use;
- Its intention to complete and its ability and intention to use the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development

Following initial recognition of the expenditures as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over the expected future useful lives of between 3 and 5 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Investments

Investments in subsidiary undertakings are stated at cost, less any necessary provision for diminution in value.

Accounting policies (continued)

Foreign currencies

In the financial statements of the Company transactions denominated in foreign currencies during the year are recorded at the average exchange rate for the year. Monetary assets and liabilities denominated in foreign currencies at the year-end are recorded at the rate prevailing at that date.

Pensions

The Company contributes to employees' personal money purchase schemes and to the SG UK defined benefit pension scheme. Contributions are charged to the statement of comprehensive Income as they become payable in accordance with the rules of the schemes.

Administrative expenses

All of the administrative costs of the group's UK operations are borne by the Company, including remuneration of the directors and auditors' remuneration. The company allocates these costs across the group in proportion to earning assets so that each bears an equitable share of total expenses.

Significant accounting judgements

The preparation of the financial statements requires management to make judgements when applying the accounting policies. Uncertainty about these judgements could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The main area in which accounting judgement has made relates to:

Lease classification

In determining whether a lease should be classified as an operating lease or finance lease a number of different factors need to be considered. For instance, a critical judgement is made in relation to expectation of lessee behaviour to extend beyond the contractual primary term. The outcome of which affects both the way in which leases are classified in the primary statements and their subsequent measurement.

Significant accounting estimates

In applying the accounting policies the management has to make estimates that affect the reported amounts of revenues, expenses, asset and liabilities. The main areas in which management makes significant estimates are discussed below:

Deferred tax

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 judgement 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.

Residual values

Residual values are attributed based on management's experience and judgment of the minimum prudently expected to be realisable after the end of the primary lease period. Unguaranteed residual values are regularly reviewed by the directors and are stated at the lower of initial attributed values and revised attributed values.

Accounting policies (continued)

Provisioning

Management constantly accesses whether amounts due in respect of finance lease, hire purchase and loan receivables agreements are impaired. This process is governed by policy but also through regular review meetings by senior management. The adoption of IFRS 9 has introduced a sophisticated approach in the modelling of ECLs but this requires significant judgement in determining the provisioning rates to be applied to groups of similar contractual assets. Following the adoption of IFRS 9 the process for determining the amount of lifetime ECLs for contracts which have suffered a significant degradation (Stage 3) in creditworthiness remains unchanged. Any such impairment relies upon the experience and judgement of those carrying out assessments of ability to meet their future debt obligations but also the potential proceeds which could be realised from asset recovery.

2. Turnover

Turnover on finance leases represents net earnings, after the deduction of direct costs associated with negotiating and arranging lease contracts, reflecting a constant periodic rate of return on the net investment.

Rental income from operating leases is recognised in the statement of comprehensive Income on a straight-line basis over the lease term. Turnover arises in the United Kingdom.

3. Interest income

	2019 £'000s	2018 £'000s
Interest receivable from group undertakings	433	540
Other interest income	40	43
	473	583

4. Interest payable and similar charges

	2019 £'000s	2018 £'000s
Amounts due to group undertakings	14,721	13,203
Other interest costs	64	0
	14,785	13,203

5. Administration expenses

	2019	2018
	£'000	£'000
Director's remuneration and staff costs:		
Salaries & fees	6,901	6,222
Social security costs	779	740
Pension costs	913	911
Other admin expenses	5,408	5,553
	14,001	13,426

Included within administration expenses is £137K relating to auditor remuneration (2018: £132K) relating to audit of the Company's financial statements. There were no non-audit services for the year.

Staff numbers

The average monthly number of staff employed by the company and included above was as follows:

	2019	2018
	No.	*No.*
Management	4	4
Sales and Marketing	38	36
Finance and administration	83	71
	125	111

Emoluments to Directors for Qualifying Sources

	2019	2018
	£'000	£'000
Directors' remuneration	979	892
Aggregate company contributions to pension scheme	69	67
	1,048	959

	2019	2018
	No.	*No.*
Number of directors receiving company contributions to personal pension schemes	4	3
Number of directors receiving company contributions to defined benefit pension schemes	0	0

	2019	2018
	£'000	£'000
The amounts in respect of the highest paid director are:		
Directors' remuneration	236	352
Company Contributions to pension schemes	20	0

During the year the company made an interest free season ticket loan to D Yates-Mercer. The balance outstanding at the end of the year was £nil and the maximum outstanding was £4,908 on 23 January 2019 when the loan was made.

6. Tax on profit

a) Analysis of the tax charge in the period

		2019 £'000s		2018 £'000s
Corporation tax:				
Corporation tax charge on profits of the period		3,316		3,827
Adjustments in respect of prior periods		(274)		2
Total current tax charge		3,042		3,829
Deferred tax:				
Origination and reversal of temporary differences				
Current year deferred tax movement	(3)		(439)	
Adjustments in respect of prior periods	(13)		(3)	
Effect of change in tax rate	2		47	
Deferred tax:		(14)		(395)
Taxation on ordinary activities		3,028		3,434

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

	2019 £'000s	2018 £'000s
Profit/(loss) before tax	21,828	17,907
Tax on profit at: standard rate of 19% / 19%	4,147	3,402
Factors affecting the charge:		
Disallowable expenses	13	19
Non-taxable credits	(760)	(32)
Transfer pricing adjustments	177	(1)
Adjustments in respect of prior periods	(372)	(1)
Group relief not charged	(178)	0
Effect of change in tax rate	1	47
Current tax charge / (credit) for the year	3,028	3,434

7. Tangible assets

	Leasehold improvement £'000s	Fixtures, fittings & equipment £'000s	Computer equipment £'000s	Restated* Operating leases £'000s	Right of Use asset £'000s	Total £'000s
Cost:						
At 1 Jan	597	221	278	31,675	3,824	36,596
Additions	0	20	71	12,612	0	12,703
Disposals	0	0	0	(309)	0	(309)
Reclassification	0	0	0	0	0	0
At 31 Dec	597	241	349	43,978	3,824	48,990
Accumulated depreciation:						
At 1 Jan	170	72	181	10,128	0	10,551
Charge for the year	61	22	51	5,564	546	6,245
Impairment movement	0	0	0	94	0	94
Disposals	0	0	0	(214)	0	(214)
Reclassification	0	0	0	0	0	0
At 31 Dec	231	94	232	15,572	546	16,676
Net book value: At 31 Dec	366	147	117	28,406	3,278	32,314
At 1 Jan	427	149	97	21,547	3,824	26,044

** The comparative information for the reclassification has been provided in note 17*

The Company enters into operating leasing arrangements in relation to plant and equipment.

7. Tangible assets (continued)

Minimum lease payments under non-cancellable operating leases:

	IFRS 16 current year	Restated* IAS 17 Prior year comparative
	2019	**2018**
Operating lease which expire:	**£**	**£**
Within one year	7,292,996	4,887,940
In the second to fifth years inclusive	8,600,536	7,470,302
Over five years	0	4,100
	15,893,532	12,362,342

8. Intangible assets

	Software £'000s
Cost:	
At 1 Jan	6,632
Additions	464
Reclassification	0
At 31 Dec	7,096
Accumulated amortisation:	
At 1 Jan	4,829
Charge for the year	764
Reclassification	0
At 31 Dec	5,593
Net book value:	
At 31 Dec	1,503
At 1 Jan	1,803

Amortisation is included within administration expenses (note 5)

9. Investments in subsidiaries

Details of subsidiary undertakings are set out below.

Direct subsidiary undertaking	**Principal activity**	**Trading Status**	**Year End**	**2019 £'000s**
SG Equipment Finance (December) Ltd	Leasing	Trading	December	1
				1

All interests are held in ordinary shares and the company owns 100% of both the ordinary share capital and voting rights.

All of the above companies are incorporated in the UK and the registered addresses are the same as that given for Societe Generale Equipment Finance Ltd.

10. Deferred tax asset

a) Analysis of deferred tax balances

	2019 £'000s	**2018 £'000s**
Short term timing differences	74	1
Accelerated capital allowances	1,485	1,544
Total provision, without discounting	1,559	1,545

b) Analysis of movement in provision

	2019 £'000s	**2018 £'000s**
(Asset) at 1 January at:	1,545	1,150
Deferred tax charge for the period	14	395
Balance at 31 December, without discounting at:	1,559	1,545

Legislation has been proposed in the Finance Bill 2020, to increase the main rate of corporation tax for the Financial Year 2020 from the 17% previously announced to 19% with effect from 1 April 2020. This increase is not taken into account in calculating the deferred tax liability disclosed in the accounts.

11. Trade receivables

	Current <1 Yr	Non Current 2-5 Yrs	>5 Yrs	Total	Current <1 Yr Restated*	Non Current 2-5 Yrs Restated*	>5 Yrs Restated*	Total Restated*
	2019 £'000s	**2019 £'000s**	**2019 £'000s**	**2019 £'000s**	**2018 £'000s**	**2018 £'000s**	**2018 £'000s**	**2018 £'000s**
Finance lease								
Gross receivables	149,880	231,599	5,292	386,771	145,935	213,155	6,924	366,014
Unearned finance income	(14,460)	(17,427)	(1,243)	(33,130)	(13,641)	(16,826)	(1,514)	(31,981)
Impairment	(1,591)	(2,752)	(52)	(4,395)	(1,358)	(2,164)	(60)	(3,582)
Present value	133,829	211,420	3,997	349,246	130,936	194,165	5,350	330,451
Hire purchase								
Gross receivables	212,251	333,584	7,547	553,381	199,749	317,669	6,724	524,142
Unearned finance income	(21,305)	(21,415)	1,677	(41,043)	(20,166)	(18,912)	478	(38,600)
Impairment	(1,109)	(1,861)	(55)	(3,025)	(785)	(1,337)	(32)	(2,154)
Present value	189,837	310,308	9,169	509,313	178,798	297,420	7,170	483,389
Loans & other receivables								
Gross receivables	82,613	106,313	4,854	193,780	86,428	101,002	2,612	190,042
Unearned finance income	(15,145)	(20,237)	(456)	(35,838)	(19,823)	(24,357)	(393)	(44,573)
Impairment	(609)	(802)	(41)	(1,452)	(379)	(451)	(13)	(843)
Present value	66,859	85,274	4,357	156,490	66,226	76,194	2,206	144,626
Total								
Gross receivables	444,744	671,496	17,693	1,133,932	432,112	631,826	16,260	1,080,198
Unearned finance income	(50,910)	(59,079)	(22)	(110,011)	(53,63)	(60,095)	(1,429)	(115,154)
Impairment	(3,309)	(5,415)	(148)	(8,872)	(2,522)	(3,952)	(105)	(6,579)
Present value	390,524	607,002	17,523	1,015,050	375,960	567,779	14,726	958,465

11. Trade receivables (continued)

IFRS 9 Expected credit losses for the year ended 31 December 2019

	Stage 1 £'000s	Stage 2 £'000s	Stage 3 £'000s	Total £'000s
At 01 January 2019 (restated)	**(1,382)**	**(359)**	**(4,838)**	**(6,579)**
Transfer to Stage 1	(18)	158	2,199	2,339
Transfer to Stage 2	148	(855)	17	(690)
Transfer to Stage 3	21	180	(1,889)	(1,688)
Impact of transfer between stages	151	(517)	327	(39)
Other movements in loan loss provisions	(1,245)	(149)	(860)	(2254)
As at 31 December 2019	**(2,476)**	**(1,025)**	**(5,371)**	**(8,872)**

IFRS 9 Movement in NBV for the year ended 31 December 2019

	Stage 1 £'000s	Stage 2 £'000s	Stage 3 £'000s	Total £'000s
At 1 January 2019 (restated)	**924,420**	**29,831**	**10,795**	**965,046**
Additions	426,902	(4,887)	(7,001)	415,014
Repayments	(352,142)	(589)	(3,407)	(356,138)
Transfer to Stage 1	17,211	(14,864)	(2,347)	0
Transfer to Stage 2	(45,214)	45,623	(409)	0
Transfer to Stage 3	(14,206)	(13,331)	27,537	0
	(42,209)	17,428	24,781	0
At 31 December 2019	**956,971**	**41,783**	**25,168**	**1,023,922**
Allowance for impairment losses	(2,476)	(1,025)	(5,371)	(8,872)
Total trade receivables	**954,495**	**40,758**	**19,797**	**1,015,050**

11. Trade receivables (continued)

In 2019, the amount of uncollected minimum lease payments amounted to £18.6m. At 31 December, an accumulated allowance of £9.0m has been set aside to deal with any anticipated losses (2018: £6.6m).
The Company enters into finance leasing arrangements in relation to plant and equipment. The cost of assets acquired under finance leasing arrangements (including hire purchase) was £566.3m (2018: £555.7m) Unguaranteed residual values of assets under finance leases at the balance sheet date were £18.5m (2018: £17.9m).

12. Cash and cash equivalent

	2019 £'000s	2018 £'000s
Amounts held within group companies	43,242	37,744
Amounts held with third parties	4,133	3,241
	47,375	40,985

13. Other receivables

	2019 £'000s	Restated* 2018 £'000s
Amounts falling due within one year:		
Prepayments & Accrued Income	418	710
VAT	593	2,888
Due from group companies~	8,598	11,532
Other trade debtors	135	366
Provision for variable rate income	8	3
	9,752	15,499

Balance due from group companies are payable on demand and non-interest bearing and unsecured.

** The comparative information for the reclassification has been provided in note 17*

14. Financial liabilities

The maturity of liabilities is as follows:

	Amounts owed to group undertakings		Amounts owed to non-group undertakings		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	£'000s	**£'000s**	**£'000s**	**£'000s**	**£'000s**	**£'000s**
Due within 1 year	369,899	354,813	17,155	20,670	387,054	375,483
Due within 2 - 5 years	612,828	559,416	19,320	36,225	632,148	595,641
Due over 5 years	13,079	11,447	0	250	13,079	11,697
	995,806	925,676	36,475	57,145	1,032,281	982,821

The terms of repayment match typically those of the underlying financial contracts entered into with customers and the rates reflect the current market rates available upon inception of the loans.

15. Other payables

	2019	**Restated* 2018**
	£'000s	**£'000s**
Amounts falling due within one year:		
Due to group companies	93	600
Deferred income	2,880	2,842
Accrued interest	1,880	1,741
Accrued expenses	2,835	3,117
Other trade creditors	24,100	17,406
	31,788	25,706

** The comparative information for the reclassification has been provided in note 17*

16. Share capital

	2019	**2018**
	£	**£**
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
Allotted and called up:		
100 ordinary shares of £1 each, fully paid	100	100

17. Impact on Statement of comprehensive income for reclassification

In 2019 the Company changed its approach to lease classification in order to bring about consistency in the way in which the definition of lease term was being applied for both lease classification and income recognition. Up until 2019, the Company took into consideration the expected number of months contracts would extend beyond their contractual period when determining lease term for lease classification purposes but not when applying it to income recognition, including in instances where no contractual options to extend the lease existed. The change sees a consistent use of lease term being applied for both lease classification and income recognition with non-contractual secondary lease term no longer being taken into consideration. The result is that a number of leases previously classified as finance leases are now being reclassified as operating leases due to lease term no longer representing the major part of the useful economic life as per condition 63 (c) in IFRS 16.

17. Impact on Statement of comprehensive income for reclassification (continued)

Below is the impact on the statement of comprehensive income relating to the reclassification of finance lease to operating lease:

		As Previously Reported	Reclassification Adj	As restated
Interest from finance agreements	2	42,647	(628)	42,019
Operating lease rentals	2	303	4,410	4,713
			3,782	
Depreciation on operating leases	7	(54)	(3,782)	(3836)
			(3,782)	

Below is the impact on the statement of financial position relating to the reclassification of finance lease to operating lease:

		As Previously Reported	Reclassification Adj	As restated
Assets:				
Non-current assets				
Tangible assets	7	1,330	20,889	22,219
Trade receivables	11	596,448	(13,943)	582,505
			6,946	
Current assets				
Trade receivables	11	381,005	(5,044)	375,961
Other receivables	13	15,337	160	15,497
			(4,883)	
Liabilities:				
Current liabilities				
Other payables	15	(23,621)	(2,085)	(25,706)
			(2,085)	

17. Impact on Statement of comprehensive income for reclassification (continued)

Below is the impact on the statement of comprehensive income relating to the reclassification of finance lease to operating lease:

Statement of changes in Equity	Share Capital	Retained Earning	Total Equity
At 1 January 2018			
As Previously Reported	0	46,452	46,452
Reclassification Adj	0	(22)	(22)
As restated	0	46,430	46,430

18. Related party transactions

The ultimate holding company is Société Generalé. The company has taken advantage of the exemption given in paragraph 8 (k) in FRS 101 not to disclose transactions with wholly owned group companies.

19. Ultimate parent undertaking and controlling party

The Company is a subsidiary of Société Générale Equipment Finance SA (incorporated in France). The ultimate holding company, and the largest group in which the results are consolidated, is Société Générale SA (incorporated in France). A copy of their financial statements may be obtained from 29 Boulevard Haussman, 75009 Paris, France.

On 22 December 2017, the Company's intermediate parent company, Societe Generale Equipment Finance International GmbH sold its 100% holding share capital of the Company to Société Générale Equipment Finance SA.

The smallest group is headed by Société Générale Equipment Finance SA. A copy of their financial statements may be obtained from their registered address at 17 Cours Valmy, 92800 Puteaux, France.

Prior to 22 December 2017, the smallest group was headed by Societe Generale Equipment Finance International GmbH. A copy of their financial statements may be obtained from their registered address at Robert-Daum-Platz 5, 42117 Wuppertal Germany.

20. Pensions

The Company and its subsidiaries make payments to defined contribution schemes and to a defined benefit scheme for eligible employees.

Defined Benefit Scheme

The Company participates in a multi-employer scheme, the SG UK Defined Benefit Pension Scheme ("the Scheme"), which is financially separate from the Company. This Scheme is not open to new members and was closed to further accrual with effect from 31 March 2016. The Scheme was created with effect from 1 January 2004 following the merger of the Société Générale Group Retirement and Death Benefit Scheme for United Kingdom Staff (the London Branch Scheme) and the Société Générale Strauss Turnbull Securities Limited Pension Scheme (the SGST Scheme) with the SG Hambros Scheme. The Company is unable to identify on a consistent and reasonable basis its share of the underlying assets and liabilities of the Scheme, hence the Company recognises the pensions contributions as they become due. The financial statements of Société Générale separately identifies and discloses further information about the plan. Those financial statements are publically available (refer to note 19).

No contributions were paid into the Scheme from the company in 2019 (2018: £0).

A full actuarial valuation of the Scheme was last carried out as at 31 December 2015 and a full actuarial valuation of the Scheme as at 31 December 2019 is currently being carried out. Future contributions are to be made by the group in accordance with actuarial advice to meet all pension obligations. As this stage is not yet known whether the results of the valuation will give rise to a requirement for the Bank to make a contribution to the Scheme. The value of the asset and liability is nil.

Defined Contribution Schemes

In addition to the commitments under the defined benefits scheme, £821,900 was paid into employees' personal money purchase schemes (2018: £772,385).

21. Events after the reporting date

Events after the reporting date have been covered in the Directors report and has been added here as a cross reference.