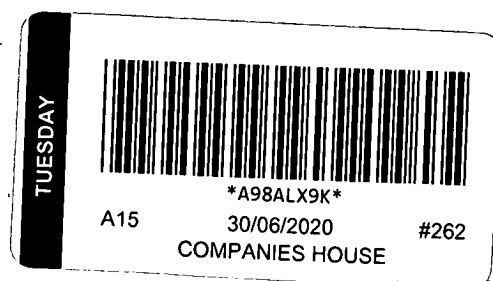


BNP PARIBAS RENTAL SOLUTIONS LIMITED

**ANNUAL REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2019

REGISTERED NUMBER: 04960923



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BNP PARIBAS RENTAL SOLUTIONS LIMITED
COMPANY NUMBER 04960923

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

PRINCIPAL ACTIVITIES

The principal activities of the Company comprise the provision of commercial vehicle fleet management services, which includes leasing, vehicle maintenance and other related support and management services.

BUSINESS REVIEW

The results of the company for the period to 31 December 2019 are stated in the Statement of Comprehensive Income on page 13 and show a profit before tax of £1,029k (2018: Profit of £1,442k) and a profit after tax of £738k (2018: profit of £1,165k). The Company has net assets of £4,011k (2018: £5,473k).

KEY PERFORMANCE INDICATORS

The directors consider the Key Performance Indicators (KPIs) used by the business to be:

	2019	*Restated 2018
Profit Before Tax / Total Assets	1.93%	2.52%
Gross Profit / Income Generating Assets	15.59%	16.03%
Income Generating Assets	£42,880,000	£40,507,000
New Business Volumes	£15,806,000	£12,276,000

*The prior year figures have been restated by £45k in order to provide a more accurate reflection of the depreciation on Operating Lease assets. This reclassification has been applied throughout the financial statements where indicated and has had no impact on the Statement of Changes in Equity.

The key contributor for the decline in Profit Before Tax is an increase in staffing costs, reflecting investment in the future growth of the Rental Solutions business.

FUTURE OUTLOOK

The Company expects to increase New Business Volumes as the Rental Solutions business continues to be a core offering of BNP Paribas Leasing Solutions in the UK. It is the Company's aim to place additional focus on growing the fleet management product over the medium term, in addition to the traditional contract hire product.

The Directors' view on the impacts of the COVID-19 coronavirus and Brexit is disclosed on page 9.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the Company which are associated with its activities are liquidity risk, interest rate risk, credit risk, bad debt risk and loan to value risk.

Interest rate and liquidity risk

Fixed rate borrowings are taken from BNP Paribas, a related party, to match fixed rate lending and minimise exposure to interest rate risk.

The Company manages cash and borrowing requirements to maximise interest income and minimise interest expense, whilst ensuring it has sufficient liquid resources to meet the operating needs of its businesses.

Credit risk

Investments of cash surpluses and borrowings are made with BNP Paribas, a related party.

All customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on going basis and provision is made for doubtful debts where necessary.

Bad debt risk

Bad Debt Risk arises from the non-payment of instalment or rentals by customers. The company has stringent risk management procedures, covering acceptance of clients, follow up of non payment of lease rentals through to recovery of assets, by which it aims to mitigate this risk as far as possible.

Loan to value risk

Loan to Value Risk arises from the ratio of the exposure of the company, to the value of the asset financed. The company manages this risk by careful client acceptance procedures, coupled with stringent asset valuation methodologies, using third party asset valuations where appropriate.

SECTION 172 STATEMENT

Section 172 of the Companies Act 2006 (the Act) sets out the general duty of directors of a company to promote the success of the company. Section 172 of the Act provides that a director must act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In so doing, the director must have regard (among other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The directors of the Company are well aware of their duty under section 172 of the Act. The purpose of this statement is to describe how the directors of the Company have had regard to the matters noted above when performing their duty in the year to 31 December 2019.

Culture

The Company and the BNP Paribas group is committed to its role as a responsible funder. It has adopted four pillars in its approach to its responsibility - financing the economy in an ethical manner; developing and engaging its people responsibly; being a positive agent for change in its markets; and adopting a responsible approach to the environment. The Company, as a member of the BNP Paribas group, conducts its business in a manner which reflects these commitments. The directors adhere to these commitments in their decision making.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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Community and environment

Being a positive agent for change in its community and combating climate change are two of the pillars in BNP Paribas' commitment to being a responsible bank. As a member of the BNP Paribas group, the Company shares this commitment towards the environment.

The Company takes into account the environmental and societal consequences of its activity with a view to participating in building a more sustainable future. The Company sought to limit its environmental impact in the year to 31 December 2019. To inform its work in this area, the Company tracked the environmental impact of its business through reporting and defined indicators. As part of the Company's Contract Hire model, the Company mobilises resources to research and accommodate evolving Customer requirements which are expected to transition their fleet towards renewable, sustainable alternatives including electric, hybrid-electric, bio-CNG, hydrogen vehicles or alternative fuels such as hydrogenated vegetable oil. The Company has developed its IT asset finance business in 2019 by supporting a new joint venture, BNP Paribas 3 Step IT (joint venture between BNP Paribas Lease Group SA and Finnish company 3 Step IT Group Oy, which specialises in life cycle management of IT assets, promoting the circular economy.

The Company's Stakeholders

The Company sources its capital from within the BNP Paribas group and works closely with a range of businesses that require commercial vehicle fleet management services. The Company attracts and retains customers through its relationships with them, other members of the BNP Paribas Group and suppliers. The Company operates ethically. To achieve all this it requires a skilled and motivated workforce and the support of its shareholder.

The directors of the Company recognise the importance of engaging effectively with the Company's stakeholders. The table below describes how the Company engages with its stakeholders:-

Stakeholder	Description of relationship	Means of engagement
Funder(s)	The Company receives its funding via the London branch of BNP Paribas SA (BNPP SA).	The Company has lines of credit with BNPP SA and it engages with its funder through normal group communication protocols and various engagement opportunities at UK Territory level.
Other members of the BNP Paribas Group	The Company has relationships with other members of the BNP Paribas Group who introduce to the Company's end users/customers for the Company's products.	The Company maintains regular interactions with its related entities on a commercial basis through a single point of contact focused on cross-business opportunities and at a more strategic level through occasional senior management meetings.
Customers	The Company's customers are those businesses to which it provides contract hire and fleet management services.	The Company engages directly with customers through dialogue between the customer and the Company's staff. The Company carries out credit and underwriting and if approved, the Company provides a contract hire rental for a variety of different vehicles, the asset, which includes maintenance services for the tyres, chassis, body and ancillary equipment. The Company supports the maintenance risk and residual value position of the asset. The Company also provides fleet management services for assets owned by its customers.
Suppliers	The Company purchases from suppliers the goods and services it requires in the course of its business.	The Company engages with its suppliers in accordance with the BNP Paribas group procurement policy and guidelines. One of the Company's principal suppliers is BNP Paribas Leasing Solutions Limited for various support services (including among others, Legal, Compliance, Finance, Credit, Tax). The Company has other suppliers for new vehicles, bodies and ancillary equipment and has a network of maintenance providers. The Company regularly audits its suppliers and monitors their performance through KPIs prescribed in the written terms of business which we have with them. The Company engages with its supplier network in accordance with normal group communication protocols.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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Compliance	The Company has independent Compliance, Legal and Risk teams with "vertical" reporting direct to group functions.	The Company's "verticalised" control functions (Compliance, Legal and Risk) have independent/ vertical reporting lines to those control functions at group level. The Company attends group compliance and regulatory reform committees, which facilitates a global overview of compliance and management of compliance matters. The Company sets high standards to adhere to in its own policies and procedures which are reviewed at least every 18 months.
Employees	The Company does not directly employ any staff. The Company engages personnel services from its principal supplier, BNP Paribas Leasing Solutions Limited.	The Company's managers maintain a programme of one to one meetings with all staff at all levels within the business. The Company communicates pro-actively and regularly with all staff including meetings at which the performance and plans of the Company are presented and discussed, including regular circulars and at its Annual Conference.
Shareholder	The Company is a wholly owned subsidiary of Artegy SAS. See Note 33.	Artegy SAS is the Company's holding company and the Company is ultimately owned and controlled by BNP SA. The Company provides regular updates to its intermediate shareholder (BNP Paribas Lease Group SA) through board meetings, internal reports and the circulation of key documentation.

The Company's approach to decision making and key decisions in the period

The Company's key decisions in the year to 31 December 2019 related to achieving its objectives: (i) to increase new business volumes as the Company's business continues to be a core offering of the BNP Paribas group's business in the UK; and (ii) to place additional focus on growing the Company's fleet management product over the year, in addition to its traditional contract hire product. These objectives were considered by the directors to be likely to promote the success of the Company for the benefit of its members as a whole. In their decision-making, the directors had regard to their duty under section 172 of the Act, including the considerations noted above, and engaged with stakeholders using the methods described above.

The Company's key decisions in the year included:

- in the context of customer requirements and market expectations, the amount of financial resource required from its funder to service customers and that market at competitive rates. In making this decision, the directors had regard to the anticipated demand for the Company's products and services, the pricing in the market and the need to produce an appropriate return on borrowed funds;
- a decision as to those areas of the market in which it could deliver appropriate products and customer service, and the partnerships which would assist it to do so. In making this decision, the Company had regard to the needs of its customers and the market, and the sector-specific skills of its workforce, in addition to the long-term sustainability of its business in the market in which it operates;
- the appointment of BNP Paribas Leasing Solutions Limited to provide internal administrative and personnel services to the Company. In making this decision, the Company had regard to the skills of BNP Paribas Leasing Solutions Limited, the opportunities for staff to develop sector-specific skills, and the cost to the Company of such provisions;
- taking steps to ensure compliance with financial services regulation and maintenance of its reputation as a trusted financial institution. In all decisions the Company sought to maintain high standards of business conduct and ensure compliance with the rules and standards imposed upon it by regulators, having due regard to the expectations of all of its stakeholders and the importance of its reputation to the long-term sustainability of the Company's business;
- the positioning of the company to develop fleet management (provision of services on assets owned by its customers) as a core offering rather than a bolt-on service. This required investment, along with its sister entity in France into a reporting portal to allow better visibility to its potential customers. It also required an investment in staff such as a new Head of Operations to prepare for growth, additional operational staff to be able to manage those additional assets and a Business Development Manager to promote the services;
- after further analysis of the fleet management market and on its ability to deliver those services on a larger scale, the company decided to reduce its expectations until a new information system is in place, which needs to offer the right level of productivity to propose the services at a competitive rate while being profitable for The Company. The Company consequently decided to slow down its hiring plans but maintained most of the additional staff to fully benefit from the training invested in them; and

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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- steps were taken along with its sister entity in France to prepare for the investment into a new information system that will be joint for both countries. It put in place adequate resources in a Project Management team to support this project and carry continuous improvement initiatives to increase productivity. During the year, the company worked with a consultant to completely map its business processes and started a request for proposal to select an integrator for the chosen technology solution.

Dividends

The directors of the Company considered making a recommendation with regard to payment of a dividend. In deciding whether or not to make such a recommendation, the directors sought to balance the desire to return value to its shareholder with the working capital requirements of the business. The directors decided not to recommend the payment of a dividend in respect of the financial year ending 31 December 2019; no dividend was paid.

Website publication

This statement is available to read and download on the Company's website at the below URL:-

<https://rentalsolutions.bnpparibas.co.uk/>

Approved by the Board of Directors and signed by order of the Board.

Nicholas D. James

Nicholas D. James (May 11, 2020)

N James
Director

11 May 2020

Registered Office Address:
Northern Cross
Basing View
Basingstoke
Hampshire
RG21 4HL

BNP PARIBAS RENTAL SOLUTIONS LIMITED
COMPANY NUMBER 04960923

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS AND DIVIDENDS

The results of the company for the period to 31 December 2019 are stated in the Statement of Comprehensive Income on page 13 and show a profit before tax of £1,029k (2018: Profit of £1,442k).

A dividend of £2,200k (2018: nil) was paid during the year. Further information can be found in note 9 to the financial statements.

SHARE CAPITAL

The issued share capital is £2. There was no movement in the share capital during the year. Further details are shown in Note 13 to the financial statements.

EMPLOYEES

The Company gives every consideration to applications for employment from disabled persons who are able to meet the requirements of the job. As far as possible, training, career development and promotion opportunities will be available to such persons. Where existing employees become disabled the Company makes every effort to continue to employ them.

The Company maintains a regular programme of one to one meetings with staff of all levels at which views and information are freely exchanged. In addition, regular meetings are held at which the performance and plans of the Company are presented. Employees of the Company are eligible to participate in the group discounted share purchase plan after a qualifying service period.

DIRECTORS

The directors of the Company who served during the year, and up to the date of signing the financial statements, were as follows:

J-M Boyer
N James
B Laflamme - Appointed 30 January 2020

DIRECTOR INTERESTS

No director of the Company has at any time had any interest in the shares of the Company.

DIRECTORS' INDEMNITIES

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

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

GOING CONCERN

The directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The directors' view on the impacts of the COVID-19 coronavirus and Brexit is disclosed below.

PAYMENT OF SUPPLIERS

It is the Company's general policy to pay trade creditors when they fall due for payment. In the case of a number of major suppliers, specific terms and conditions of business have been agreed, and it is the Company's policy to pay in accordance with these terms provided that the supplier is also meeting all relevant terms and conditions.

INDEPENDENT AUDITORS

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors have taken all the necessary steps they reasonably ought to have taken, as directors, to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

As far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

THE IMPACT OF BREXIT

The United Kingdom withdrew from the European Union on 31 January 2020. The terms of the future trade and other relationships with the European Union are not yet clear. However, the company had previously evaluated Brexit on the most prudent basis i.e a withdrawal from the European Union with no deal and concluded that the impact on the business model was not material.

THE IMPACT OF COVID-19 CORONAVIRUS

The coronavirus outbreak occurred at a time close to the end of 2019, but the World Health Organisation only characterised it as a pandemic on 11 March 2020. Many governments and regulators have introduced various measures to combat the outbreak, including travel restrictions, quarantines, closure of business and other venues and lockdown of certain area. These measures will affect the global supply chain as well as demand for goods and services and therefore have significant impact to the global growth.

At the same time, fiscal and monetary policies are being relaxed to sustain the economy, and while these government responses and their corresponding effects are still evolving, there is not yet sufficient certainty on the scale of damage this outbreak will have made to the local and global economies.

Financial statements as of 31 December 2019 were prepared on a going concern basis, and this series of events is not representative of conditions that existed at the end of 2019. The management believes however that the outbreak may have an adverse impact on the 2020 Financial Statements. This impact will depend on several elements including clients sector, their financial health prior to Covid and the efficiency of the governmental and financial support they will benefit from.

Management have performed an assessment of the impact of Coronavirus on credit losses and conclude that the company has sufficient share capital and other reserves available to absorb any additional credit losses arising from the worst case scenario.

While the effect of these events on BNP Paribas Rental Solutions Limited is largely unpredictable as the pandemic is still spreading, the management expects that they will primarily affect the level of expected credit losses and the valuation of assets. These impacts will be mitigated by the effects of all contra-cyclical measures.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
COMPANY NUMBER 04960923

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2019

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements ;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; 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.

Approved by the Board of Directors and signed by order of the Board.

Nicholas D James
Nicholas D James (May 11, 2020)

N James
Director

11 May 2020

Registered Office Address:
Northern Cross
Basing View
Basingstoke
Hampshire
RG21 4HL

BNP PARIBAS RENTAL SOLUTIONS LIMITED

COMPANY NUMBER 04960923

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BNP PARIBAS RENTAL SOLUTIONS LIMITED

Opinion

We have audited the financial statements of BNP Paribas Rental Solutions Limited for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS's) as adopted by the European Union.

In our opinion the 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 for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Impact of the outbreak of COVID-19 on the financial statements

In forming our opinion on the company financial statements, which is not modified, we draw your attention to the directors' view on the impact of the COVID-19 as disclosed on page 9, and the consideration in the going concern basis of preparation on page 17 and non-adjusting post balance sheet events on page 33.

Since the balance sheet date there has been a global pandemic from the outbreak of COVID-19, The potential impact of COVID-19 became significant in March 2020 and is causing widespread disruption to normal patterns of business activity across the world, including the UK.

The full impact following the recent emergence of the COVID-19 is still unknown. It is therefore not currently possible to evaluate all the potential implications to the company trade, customers, suppliers and the wider economy.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the 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.

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 this regard.

BNP PARIBAS RENTAL SOLUTIONS LIMITED

COMPANY NUMBER 04960923

Opinion 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 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 has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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
- 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 10, 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 controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit 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.

Greg Simpson (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London E1W 1DD


Greg Simpson (May 18, 2020)

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		2019		*Restated 2018	
<u>CONTINUING OPERATIONS</u>	Notes	£'000	£'000	£'000	£'000
REVENUE					
Turnover	2	24,133		24,484	
Other Income	3	-		3	
Cost from Operations	4	(17,542)		(18,099)	
Impairment losses		-		(2)	
Impairment of Residual Values		92		108	
				<hr/>	
GROSS PROFIT			6,683		6,494
Interest Expense	5	(878)		(862)	
Administrative Expenses	6	(4,776)		(4,190)	
				<hr/>	
			(5,654)		(5,052)
PROFIT BEFORE TAX			1,029		1,442
Tax Expense	8		(291)		(277)
				<hr/>	
PROFIT FOR THE YEAR					
Attributable to Equity Holders			738		1,165
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR					
				<hr/>	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			738		1,165
				<hr/> <hr/>	

The accompanying notes on pages 17 to 33 are an integral part of this statement.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		*Restated 2018	
		£'000	£'000	£'000	£'000
ASSETS					
Non Current Assets					
Operating Lease Assets	10	42,880		40,507	
Deferred Tax Assets	14	782		923	
Total Non Current Assets			43,662		41,430
Current Assets					
Cash and Cash Equivalents	11	5,808		11,517	
Other Receivables	12	3,935		4,929	
Total Current Assets			9,743		16,447
TOTAL ASSETS			53,405		57,876
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	13	-		-	
Retained Earnings		4,011		5,473	
TOTAL EQUITY			4,011		5,473
Non Current Liabilities					
Amounts due to Group Undertakings	15	26,800		28,300	
Total Non Current Liabilities			26,800		28,300
Current Liabilities					
Provision for Liabilities and Charges	16	3,975		5,395	
Amounts due to Group Undertakings	15	15,301		17,205	
Other Payables	17	3,318		1,503	
Total Current Liabilities			22,594		24,103
Total Liabilities			49,394		52,403
TOTAL EQUITY AND LIABILITIES			53,405		57,876

The accompanying notes on pages 17 to 33 are an integral part of this statement.

These financial statements were approved by the Board of Directors on 11 May 2020 and signed on its behalf.

Nicholas D. James
Nicholas D James (May 11, 2020)

N James
Director

BNP PARIBAS RENTAL SOLUTIONS LIMITED
COMPANY NUMBER 04960923

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Ordinary Shares £'000	Retained Earnings £'000	Total £'000
Opening balance sheet as at 1 January 2018		*-	4,308	4,308
Profit for the year		-	1,165	1,165
Other Comprehensive Income for the year		-	-	-
Total Comprehensive Income for the year		-	1,165	1,165
Opening balance sheet as at 1 January 2019		*-	5,473	5,473
Profit for the year		-	738	738
Other Comprehensive Income for the year		-	-	-
Total Comprehensive Income for the year		-	738	738
Transactions with owners:				
Dividends paid for the year	9	-	(2,200)	(2,200)
Equity as at 31 December 2019		*-	4,011	4,011

* Issued Share Capital = £2

The accompanying notes on pages 17 to 33 are an integral part of this statement.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
COMPANY NUMBER 04960923

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019		*Restated 2018	
		£'000	£'000	£'000	£'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before Taxation		1,029		1,442	
Adjustments for:					
Depreciation		11,948		11,592	
Profit on sale of fixed assets		(293)		(552)	
Impairment Gains		(92)		(108)	
Movement in Provisions		(1,420)		(544)	
			11,172		11,830
Movements in working capital					
Decrease/(Increase) in Other Receivables		1,283		(980)	
Increase/(Decrease) in Trade and other payables		1,820		(1,181)	
			3,103		(2,161)
Cash flow from operating activities before tax					
Corporation Tax Paid		(444)		(44)	
			2,659		(2,205)
Net cash flow from operating activities			13,831		9,625
CASH FLOW FROM INVESTING ACTIVITIES					
Proceeds from sale of operating lease assets		1,870		3,024	
Purchase of operating lease assets		(15,806)		(12,276)	
			(13,936)		(9,252)
Net cash flow from investing activities					
CASH FLOW FROM FINANCING ACTIVITIES					
Dividends paid		(2,200)		-	
(Decrease)/Increase in borrowings from Group Undertakings		(3,404)		3,509	
			(5,604)		3,509
Net cash flow from financing activities					
(Decrease)/Increase in cash and cash equivalents			(5,709)		3,882
Cash and cash equivalents at the start of the year	11		11,517		7,635
			5,808		11,517
Cash and cash equivalents at the end of the year	11		5,808		11,517

The accompanying notes on pages 17 to 33 are an integral part of this statement.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

BNP Paribas Rental Solutions Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Northern Cross, Basing View, Basingstoke, Hampshire, RG21 4HL.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company does not have any subsidiary undertakings:

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and the Companies Act 2006 as applicable to companies reporting under IFRS.

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Management are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis.

The Directors' view on the impacts of the COVID-19 coronavirus and Brexit is disclosed on page 9.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods and services provided in the normal course of business. Revenue includes rental income from operating leases and income from the disposal of recovered assets, which are subject to lease arrangements. Revenue is stated net of any discounts, value-added taxes and other sales taxes.

Leases - Lessor Accounting

Leases contracted by the Company as lessor are categorised as either finance leases or operating leases.

Finance Leases

In a finance lease, the lessor transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is treated as a loan made to the lessee to finance the purchase of the asset. The company does not hold any finance leases.

Operating Leases (the company as a lessor)

An operating lease is a lease under which substantially all the risks and rewards of ownership of an asset are not transferred to the lessee.

Assets held for use by the Company under operating leases with third parties, are included as a separate category in fixed assets at cost and depreciated over their useful economic life. Rental income from operating leases is recognised on a straight line basis over the term of the lease.

Operating Leases (the company as a lessee)

As of 1 January 2019, the company applied the new accounting standard IFRS 16. However, the impact is immaterial due to no contracts currently being identified as an operating lease.

Impairment of Residual Values of Operating Lease Assets

Where the residual value of an operating lease asset exceeds its expected recoverable amount at the end of its lease term, any shortfall is provided for. The residual values of operating leased assets are reviewed on a regular basis throughout the year against recent disposals and prevailing market conditions for the assets.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

Recovered Assets Subject to Lease Arrangements

Assets, which are subject to lease arrangements, and that have been surrendered to the Company are included within non-current assets and measured at the lower of net book value or net realisable value at the date of surrender. These assets are held with the intention of resale. Revenue relating to the disposal of recovered assets is recognised upon the transfer of legal title of the asset.

Financial Assets - Loans and Receivables

The Impairment of loans and receivables is accounted for under IFRS 9 'Financial Instruments'. Loans and receivables comprise loans due from customers, loans due from Group Undertakings, other receivables and cash and cash equivalents. Financial assets are managed within the business model whose objective is to hold financial assets in order to collect cash flows through the collection of contractual payments over the life of the instrument.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Where applicable, bank overdrafts are included within Borrowings in current liabilities of the Statement of Financial Position.

Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities measured at amortised cost comprise amounts due to group undertakings and other payables.

Income and expenses arising from financial assets and financial liabilities

Income and expenses arising from financial instruments measured at amortised cost are recognised in the profit or loss using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the asset or liability in the Statement of Financial Position. The effective interest rate calculation takes into account all fees received or paid that are an integral part of the effective interest rate of the contract, transaction costs and premiums and discounts.

The effective interest method used by the Company to recognise service-related fee income and expenses depends on the nature of the service. Fees treated as an additional component of interest is included in the effective interest rate, and is recognised in profit or loss in "Interest Income or Interest Expense". Fees payable or receivable on execution of a significant transaction is recognised in the profit or loss account in full on execution of the transaction, under "Fee Income or Costs from Operations". Fees payable or receivable for recurring services is recognised over the term of the service, also under "Fee Income or Cost from Operations".

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. The liability for current tax is calculated using tax rates that have been substantively enacted by the reporting date.

Deferred income 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. The tax rates used in the determination of deferred income tax are the rates which are expected to apply when the asset is realised or the liability settled, based on the tax rates that have been substantially enacted at the reporting date of that period. They are not discounted.

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

Group Undertakings

The immediate holding Company is Artegy SAS, which is registered in France. The ultimate parent Company is BNP Paribas SA, which is registered in France.

Provisions for liabilities and charges

Provisions are measured at the best estimate (including risks and uncertainties) of the expenditure required to settle the present obligation.

Service, Maintenance and Repair Costs

For a number of operating leased assets, the company will provide service, maintenance and repair related services during the life of the lease in return for an additional fee. The cost of providing this service is accrued according to a model for estimating future costs. Where the cost of providing this service is anticipated to exceed the fees and the contract is expected to be loss-making, a provision is recognised.

Dividends

Dividends are recognised when they become legally payable.

Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

This applies to:

- The measurement of expected credit losses. This applies in particular to the assessment of significant increase in credit risk, the models and assumptions used to measure expected credit losses, the determination of the different economic scenarios and their weighting. (see note 20)
- Provisions for liabilities and charges (see note 16).

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

Standards, amendments and interpretations adopted during the year

During the year, the following new standards, amendments and interpretations have become effective:

Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement - Effective 1 January 2019

Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term interests in Associates and Joint Ventures - Effective 1 January 2019

Improvements to IFRSs 2015 - 2017 cycle: Minor amendments to standards and interpretations- Effective 1 January 2019

IFRIC 23 - Uncertainty over Income Tax Treatments - Effective 1 January 2019

Amendments to IFRS 9 Financial Instruments - Effective 1 January 2019

The Amendment enables companies to apply amortised cost measurement to certain financial assets with negative compensation which are capable of prepayment.

IFRS 16 'Leases' – Effective date 1 January 2019

The standard replaces IAS 17 'Leases', and eliminates the classification of a lease as either an operating lease or finance lease for lessees and introduces a single lessee accounting model.

None of these new standards, amendments or interpretations had a material impact on these financial statements in the year.

Standards, amendments and interpretations in issue, but not yet effective

At the date of authorisation of these financial statements the following standards, amendments and interpretations were in issue but not yet effective. These standards, amendments, and interpretations have not been adopted early and have not been applied to these financial statements.

Conceptual Framework (Revised) and amendments to related references in IFRS Standards - Effective 1 January 2020, not yet endorsed by the EU.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material - Effective 1 January 2020, not yet endorsed by the EU

Amendment to IFRS 3 Business Combinations: Definition of a Business - Effective 1 January 2020, not yet endorsed by the EU

IFRS 17 'Insurance Contracts' replaces the current IFRS 4 'Insurance Contracts' – Effective 1 January 2021, expected endorsement date not yet available.

The adoption of these standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

2. TURNOVER

	2019	*Restated 2018
	£'000	£'000
Income from Operating Leases	21,868	20,895
Disposal Proceeds from Operating Lease Assets	1,870	3,024
Interest Income from Group Undertakings (see note 18)	74	70
End of Contract Termination Penalties and Repairs Billed to Clients	321	495
	24,133	24,484
	24,133	24,484

All income is derived from the United Kingdom.

3. OTHER INCOME

	2019	2018
	£'000	£'000
Interest on tax payments	-	3
	-	3
	-	3

4. COSTS FROM OPERATIONS

	2019	*Restated 2018
	£'000	£'000
Book Value of assets disposed	(1,577)	(2,472)
Operating Lease Depreciation	(11,948)	(11,592)
Servicing, Maintenance and Repair Costs	(4,018)	(4,035)
	(17,542)	(18,099)
	(17,542)	(18,099)

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

5. INTEREST EXPENSE

	2019	2018
	£'000	£'000
Interest Expense to Group Undertaking (see note 18)	(878)	(862)
	(878)	(862)
	(878)	(862)

Interest payable to group undertakings is payable on loans advanced by related parties in the BNP Paribas Group (Note 18).

6. ADMINISTRATION EXPENSES

	2019	2018
	£'000	£'000
Personnel Costs	(2,220)	(1,861)
Professional Costs	(16)	(42)
Bank Levy	(11)	(14)
Management Charges	(1,896)	(1,737)
IT Costs	(408)	(365)
Other administration costs	(225)	(171)
	(4,776)	(4,190)
	(4,776)	(4,190)

The Bank Levy is recharged to the Company from BNP Paribas London Branch, on the basis of the Company's liabilities which are subject to the Bank Levy.

Personnel Costs

	2019	2018
	£'000	£'000
Wages and Salaries	(1,848)	(1,436)
Social Security Costs	(192)	(158)
Pension Costs	(125)	(114)
Other	(55)	(153)
	(2,220)	(1,861)
	(2,220)	(1,861)

The Company does not directly employ any staff. Staff are employed and paid by a fellow group company. Personnel costs relating to this Company are recharged from the employing company.

Emoluments of Directors

No remuneration has been paid to the Directors of the Company in the current or prior year.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

7. AUDITOR'S REMUNERATION

The following is included within professional costs in administration expenses:

	2019 £'000	2018 £'000
Fees payable to the Company's auditor for the audit of the Company	(16)	(16)

8. TAXATION

The analysis of the tax charge for the year is as follows:

	2019 £'000	2018 £'000
Current Tax		
UK Corporation tax on profits of the current year	(182)	(268)
Adjustments in respect of prior years	32	3
Current Tax Charge	<u>(150)</u>	<u>(265)</u>
Deferred Tax		
Current Year	(108)	(9)
Adjustments in respect of prior years	(32)	(3)
Deferred Tax Charge (see note 14)	<u>(141)</u>	<u>(12)</u>
Total Tax Charge for the year	<u><u>(291)</u></u>	<u><u>(277)</u></u>

Corporation Tax is calculated at 19% (2018: 19%) of the taxable profit for the year.

The charge for the year can be reconciled to the profit per the income statement as follows:

	2019 £'000	2018 £'000
Profit on ordinary activities before tax	(1,029)	(1,442)
Tax credit at the UK standard rate of Corporation Tax of 19% (2018: 19%)	(196)	(274)
Tax effect of expenses that are not deductible	(3)	(3)
Adjustment to deferred tax due to rate change	(92)	-
Total Tax Charge for the year	<u><u>(291)</u></u>	<u><u>(277)</u></u>

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

9. DIVIDENDS

	2019 £'000	2018 £'000
Current Year Interim Dividend: £1,100,000.00 (2018 : nil) per share	2,200	-
	2,200	-
	2,200	-

10. OPERATING LEASE ASSETS

	2019 £'000	*Restated 2018 £'000
Cost		
At 1 January	79,625	82,524
Additions	15,806	12,276
Disposals	(11,831)	(15,175)
At 31 December	83,600	79,625
Depreciation		
At 1 January	(38,845)	(39,957)
Charge for the year	(11,948)	(11,592)
Disposals	10,253	12,704
At 31 December	(40,540)	(38,845)
RV Impairment		
	(180)	(273)
	42,880	40,507

The future minimum lease payments expected to be received under non-cancellable operating leases at 31 December were as follows:

	2019 £'000	2018 £'000
Future minimum lease payments receivable:		
Within 1 year	18,477	18,717
Between 1 and 5 years	29,407	29,267
After more than 5 years	1,750	1,242
	49,634	49,226

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

11. CASH AND CASH EQUIVALENTS

	2019 £'000	2018 £'000
Balances held with Group bank (see note 18)	5,662	11,153
Balances held with non-group bank	146	364
	<u>5,808</u>	<u>11,517</u>

12. OTHER RECEIVABLES

	2019 £'000	*Restated 2018 £'000
Prepayments	393	364
Trade Debtors	2,109	3,280
Corporation tax receivable	288	-
Other Receivables	1,145	1,286
	<u>3,935</u>	<u>4,930</u>

13. SHARE CAPITAL

	2019 £	2018 £
<u>Authorised</u>		
100 ordinary shares of £1 each	100	100
<u>Allotted and fully paid</u>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

14. DEFERRED TAXATION

Deferred tax has been provided in full at 17% (2018: 19%) as follows:

	2019	2018
	£'000	£'000
Excess of tax allowances over book depreciation	782	893
Short term timing differences	-	30
	<hr/>	<hr/>
Deferred Taxation asset	782	923
	<hr/> <hr/>	<hr/> <hr/>

The movement in deferred taxation is reconciled as follows:

	2019	2018
	£'000	£'000
Opening balance as at 1 January	923	935
Deferred Tax Charge	(141)	(12)
	<hr/>	<hr/>
Closing balance as at 31 December	782	923
	<hr/> <hr/>	<hr/> <hr/>

The Finance Act 2018 (the Act) received Royal Assent on 15 March 2018. The Act maintained the main rates of corporation tax of 19% from April 2017 to March 2020 and 17% from April 2020. The rate used to calculate deferred tax is the rate substantively enacted or enacted at the balance sheet date at which the various timing differences are expected to reverse. In March 2020 after the balance sheet date, a resolution was passed with statutory effect under the provisions of the Provisional Collection of Taxes Act 1968 that the corporation tax rate remains at 19% until the end of March 2022. The impact of the rate remaining at 19% is not expected to have a material impact on the deferred tax balances.

15. AMOUNTS DUE TO GROUP UNDERTAKINGS

	Notes	2019	2018
		£'000	£'000
Amount owed to Group Undertakings - current liability	18	15,301	17,205
Amount owed to Group Undertakings - non current liability	18	26,800	28,300
		<hr/>	<hr/>
		42,101	45,505
		<hr/> <hr/>	<hr/> <hr/>

All bank loans and overdrafts are owed to related parties in the BNP Paribas Group and have been classified as financial liabilities measured at amortised cost. These amounts are all non secured.

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

16. PROVISION FOR LIABILITIES AND CHARGES

The movement on the provision for impairment of trade receivables is as follows:

	2018 £'000	Movement in provisions £'000	Provisions Utilised £'000	2019 £'000
Maintenance Reserve	5,330	(1,420)	-	3,910
Data Cleanse Activity	65	-	-	65
	<u>5,395</u>	<u>(1,420)</u>	<u>-</u>	<u>3,975</u>

The maintenance reserve is for the anticipated costs of maintaining vehicles over their remaining lease term. The cost and timing associated with maintaining these vehicles is not certain.

The Data Cleanse Activity provision is in respect of work required to prepare for the launch of a new customer portal.

17. OTHER PAYABLES

	2019 £'000	2018 £'000
Accruals and Deferred Income	2,221	718
Trade Creditors	787	410
Corporation Tax payable	-	6
Other Payables	310	370
	<u>3,318</u>	<u>1,504</u>

BNP PARIBAS RENTAL SOLUTIONS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

18. RELATED PARTY TRANSACTIONS

The accounts reflect the following transactions with related parties:

	Notes	2019 £'000	2018 £'000
BNP Paribas Leasing Solutions Limited - Management charges		(1,896)	(1,737)
BNP Paribas Leasing Solutions Luxembourg SA - Interest Payable	5	-	(748)
BNP Paribas London Branch - Bank Levy		(11)	(14)
BNP Paribas London Branch - Interest Payable	5	(878)	(114)
BNP Paribas London Branch - Interest Receivable	2	74	70
BNP Paribas Paris - IT charges Payable	6	(408)	(365)
		<u>(3,119)</u>	<u>(2,908)</u>
Amounts due to group undertakings			
		£'000	£'000
BNP Paribas Leasing Solutions Limited		2,151	4,023
BNP Paribas London Branch - Current Liability		12,694	13,168
BNP Paribas London Branch - Non Current Liability		26,800	28,300
BNP Paribas Paris		208	13
Fortis Lease UK Limited		248	-
	15	<u>42,101</u>	<u>45,504</u>
Cash and cash equivalents			
		£'000	£'000
BNP Paribas - London Branch		5,662	11,153
		<u>5,662</u>	<u>11,153</u>

19. CAPITAL COMMITMENTS AND CONTINGENCIES

Capital expenditure authorised and contracted for but not provided amounts to £7,615,000 at 31 December 2019 (2018: £12,395,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Liquidity Risk
- Interest Rate Risk
- Foreign Currency Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risk and adherence to limits.

The Company manages its capital in order to safeguard its ability to continue as a going concern and in order to provide adequate returns for equity holders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid or issue new ordinary share capital.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company's maximum exposure to credit risk is the carrying value of the financial assets held at the reporting date £53,405k (2018: £57,876k). The company has assessed this maximum exposure to credit risk at the reporting date and determined that since this arises principally from the Company's receivables from within the BNP Paribas Group, the assets held at the reporting date are Stage 1 with a low probability of default as a result further analysis is not disclosed as it is not material.

General model

The impairment model for credit risk is based on expected losses, the calculation of which is conducted in two steps;

First the company places facilities in one of three 'stages' to determine the scope of application.

- 'Stage 1' (Performing) where, at the reporting date, the credit risk represented by the facility has not increased significantly since its origination

- 'Stage 2' (Underperforming) where, at the reporting date, the credit risk represented by the facility has deteriorated significantly but the facility is not credit impaired

- 'Stage 3' (Credit Impaired) where, at the reporting date, there are potential losses.

Secondly, the Expected Credit Loss (ECL) is calculated. The ECL is determined by projecting the probability of default (PD), Exposure at default (EAD) and Loss Given Default (LGD) for each future month and for each collective segment. For 'Stage 1' a one year ECL is calculated and for 'Stage 2' a lifetime ECL is calculated. Facilities in 'Stage 3' are covered by specific provisions which correspond to lifetime ECL.

This general model is applied to all instruments within the scope of IFRS9 impairment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

Forward looking

PD projection methodologies allow the integration of forward looking information, not otherwise captured when assessing credit deterioration individually. The final ECL is the outcome of the linear combination of 3 weighted ECLs, whose computation is based on forward looking PDs. The methodology to build forward looking PD term structures requires:

- The construction of a 'Through the (economic) cycle' rating migration probability matrix based on a collected historical time series of rating transitions.
- The construction of a default time series and an econometric model that defines the relationship between the default rate and macroeconomic variables.
- Transformation of the above default rate time series into "Z" time series representing the position in the credit risk cycle (Z-factor) and into a parameter *P* representing the sensitivity of annual probability of default to the economic environment.
- The projection of three one year point in time migration matrices, one for each year of the forward looking horizon whose length corresponds to the horizon of the economic projections supplied by the economists. Each matrix takes into account the impact of the economic forecasts (Baseline, Optimistic and Adverse) on the probability of migration from one rating to another.
- The construction of a cumulative default probability term structure, from these yearly rating migration matrices.

Forward-looking information is considered when assessing significant increase in credit risk and when measuring expected credit losses.

The determination of significant increase in credit risk is supplemented by the consideration of more systemic forward looking factors (such as macro-economic, sectorial or geographical risk drivers) that could increase the credit risk of some exposures. These factors can lead to tighten the transfer criteria into stage 2, resulting in an increase of ECL amounts for exposures deemed vulnerable to these risk drivers.

Significant increase in credit risk

Significant increase in credit risk may be assessed on an individual basis or on a collective basis (by grouping financial instruments according to common credit risk characteristics) taking into account all reasonable and supportable information and comparing the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition.

The indicator used for assessing increase in credit risk is the rating; this could be the expert rating, a statistical rating or a default rating. There is also a factor in the rating model that, in accordance with the standard, considers that the credit risk of an instrument has increased since initial recognition when the contractual payments are more than 30 days past due.

Credit risk is measured through the allocation of internal credit gradings to each counterparty from a range of 1-12.

In the general principles of the Standard, significant increase in credit risk since initial recognition is assessed at each reporting date at financial instrument level in order to determine in which stage the financial instrument should be placed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

Measurement of expected credit losses

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of all cash shortfalls)

The amount of expected credit losses is measured on the basis of probability-weighted scenarios, in view of past events, current conditions and reasonable and supportable economic forecasts over the expected life of the financial instrument. They are measured on an individual basis for all exposures.

In practice, for exposures classified in stage 1 and stage 2, expected credit losses are measured as the product of the PD, LGD and EAD, discounted at the effective interest rate of the exposure (EIR). For exposures classified in stage 3, expected credit losses are measured as the value, discounted at the effective interest rate, of all cash shortfalls over the life of the financial instrument.

A financial asset is considered doubtful and classified in "stage 3" when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred for example, the financial instrument becomes 90 days past due or knowledge or indications of significant financial difficulties.

Definition of default

The definition of default is aligned with the Basel regulatory default definition, with a rebuttable presumption that the default occurs no later than 90 days past-due.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to borrow from BNP Paribas, a related party, at a fixed rate matching fixed-rate lending. Access to sources of funding is sufficiently available and debt maturing within 12 months can be replaced with Group companies.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company manages its interest rate risk by funding the loans with fixed rate funding within the Group. Finance lease receivables and loans due to customers are at fixed rate and as a result the Company has a limited exposure to variable rates of interest.

Since all loans are borrowed at a fixed rate at the time of the financing the interest sensitivity is minimal.

Foreign Currency Risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is not exposed to this risk as it does not transact with overseas companies or operate in overseas countries. The Company's exposure to foreign exchange risk is therefore not considered to be significant and accordingly sensitivity analysis information has not been provided.

The net exposure to foreign exchange is minimal therefore no further disclosure is considered appropriate.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Maturity Profile of Assets and Liabilities

The tables below summarises the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted payments

Financial Assets

Year Ended 31 December 2019

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Other Receivables	3,542	-	-	-	3,542
	<u>3,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,542</u>

Year Ended 31 December 2018

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Other Receivables	4,611	-	-	-	4,611
	<u>4,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,611</u>

Financial Liabilities

Year Ended 31 December 2019

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Amounts due to Group Undertakings	6,505	9,495	25,566	2,349	43,915
Other Payables	1,096	-	-	-	1,096
	<u>7,601</u>	<u>9,495</u>	<u>25,566</u>	<u>2,349</u>	<u>45,011</u>

Year Ended 31 December 2018

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Amounts due to Group Undertakings	5,470	10,677	27,890	1,823	45,860
Other Payables	786	-	-	-	786
	<u>6,256</u>	<u>10,677</u>	<u>27,890</u>	<u>1,823</u>	<u>46,646</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Continued

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Reconciliation of liabilities from financing activities

The tables below summarise the changes in liabilities arising from financing activities.

Year Ended 31 December 2019

	2018 £'000	Cash flows £'000	Non-Cash changes £'000	2019 £'000
<u>Short term borrowings</u>				
Share Capital and Reserves	5,473	-	(1,462)	4,011
Amounts payable to Group Undertakings	45,860	(3,404)	1,458	43,915
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Year Ended 31 December 2018

	2017 £'000	Cash flows £'000	Non-Cash changes £'000	2018 £'000
<u>Short term borrowings</u>				
Share Capital and Reserves	4,308	-	1,165	5,473
Amounts payable to Group Undertakings	43,566	3,509	(1,215)	45,860
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For finance lease receivables and hire purchase agreements, the carrying value is a reasonable approximation of fair value.

For all other financial assets and liabilities the carrying value approximates the fair value due to the short-term nature of these financial assets and liabilities.

22. PARENT AND ULTIMATE CONTROLLING PARTY

The immediate parent is Artegy SAS, which is incorporated in France. The ultimate parent company and the ultimate controlling party is BNP Paribas SA which is incorporated in France.

The parent undertaking of the smallest group in which the results of the Company are consolidated is BGL BNP Paribas SA which is incorporated in Luxembourg. The parent undertaking of the largest group in which the results of the Company are consolidated is BNP Paribas SA. The consolidated financial statements of BGL BNP Paribas SA and BNP Paribas SA are available to the public and may be obtained from 16 Boulevard des Italiens, 75009 Paris, France.

23. EVENTS AFTER THE REPORTING PERIOD

Since the balance sheet date there has been a global outbreak of a novel strain of coronavirus (COVID-19) which is causing widespread disruption to financial markets and normal patterns of business activities across the world, including the UK. In view of its currently evolving nature it is not currently possible to estimate the future impact of COVID-19 on the Company. The directors have considered the financial impact of COVID-19 and concluded that this is a non-adjusting post balance sheet event.