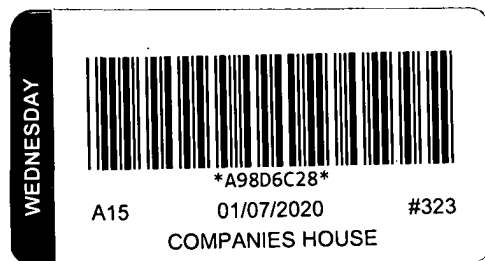


JCB FINANCE HOLDINGS LIMITED
DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
REGISTERED NUMBER: 06545359



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JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and the financial statements of the Company for the year ended 31 December 2019.

1. PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding Company. The Company is a joint operation established between BNP Paribas Lease Group Plc (50.1%) and JCB Financial Solutions UK Limited (49.9%).

The Company controls two directly held subsidiaries, one in the UK and one in France. The French subsidiary has two branches operating in Germany and Italy.

2. BUSINESS REVIEW

The Company reported a profit after tax for the year of £4,094k (2018: £3,343k) as shown in the statement of comprehensive income. The results for the year are considered satisfactory.

Key performance indicators are not considered necessary for an understanding of the development, performance or position of the business of the Company.

There are limited risks and uncertainties faced by the Company which are associated with its activities since all costs incurred are on behalf of related parties and are reimbursed by those related companies.

Further details regarding risk can be found in note 15.

3. DIRECTORS AND THEIR INTERESTS

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

D Brown
D. Delestre - Resigned 8 February 2019
D. Dolbear
R. Gendreau - Appointed 8 February 2019
D. Ghislandi
C. Murat
J. Rawlings

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

4. DIVIDENDS

A dividend of £2,100k (2018: £3,998k) was paid in the year.

5. STRATEGIC REPORT

In accordance with Section 414B Companies Act 2006, Strategic report: small companies exemption, no strategic report has been presented.

6. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year, the Company maintained Directors and Officers Liability insurance.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

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

7. AUDITORS

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

8. GOING CONCERN

The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

9. DISCLOSURE OF INFORMATION TO THE AUDITOR

Each Director confirms that:

- (a) so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) they have taken all the steps they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

10. 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 was not material.

11. 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.

While the effect of these events on JCB Finance Holdings Ltd is largely unpredictable as the pandemic is still spreading, the management expects that there are potential implications on the carrying value of assets and on the dividend stream from it's main trading subsidiary. These impacts will be mitigated were possible by the effects of all contra-cyclical measures.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

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

12. 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.

The Company's stakeholders

The Company is a joint venture operation established between BNP Paribas Lease Group plc (50.1% shareholder) and JCB Financial Solutions UK Limited (49.9% shareholder). The sole activity of the Company is that of a holding company; it controls two directly held subsidiaries.

Apart from the ownership of its subsidiaries, the Company carries on no other activities. It has no employees and all administration is carried out by the connected company BNP Paribas Leasing Solutions Limited.

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
Shareholders	The Company's shareholders are the joint venture partners referred to above.	The Company's ultimate parent company and the controlling party is BNP Paribas 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 engages with its shareholders in accordance with the joint venture arrangements agreed between its two shareholders.
Subsidiaries	The Company is the 100% shareholder of two companies: JCB Finance Management Services Limited and JCB Finance SAS. See note [11].	The Company engages with its subsidiaries in its capacity as their shareholder.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

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

12. SECTION 172 STATEMENT (continued)

Culture, community and environment

The Company carries on no operational activity which affects its culture or the culture of its group, nor does it have any effect on their engagement with the community or their impact on the environment.

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

The Company's only decisions are those made in its capacity as a shareholder in its subsidiaries and with regard to payment of a dividend to its parent company. In their decision-making, the directors of the Company have regard to their duty under section 172 of the Act, including the considerations noted above, and engage with its stakeholders using the methods described above.

Dividends

The decision as to whether or not to pay a dividend is made in accordance with the dividend policy agreed as part of the joint venture arrangement between the Company's shareholders. 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.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

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

13. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("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;
- 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 on 17th April 2020 and signed on its behalf by:

Claire MURAT
Claire MURAT (Apr 17, 2020)

C. Murat

Registered Office

Lakeside Works
Rocester
Uttoxeter
Staffordshire
ST14 5JP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
JCB FINANCE HOLDINGS LIMITED

Opinion

We have audited the financial statements of JCB Holdings Limited (the "company") 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) 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 IFRS's 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 4, and the consideration in the going concern basis of preparation on page 4 and non- adjusting post balance sheet events on page 26.

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 directors report and financial statements 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.

Opinion on the other matter prescribed by the Companies Act 2006

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

- the information given in Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 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.
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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


Auditor's responsibilities for the audit of the financial statements

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

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

Use of 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 (M, 19, 2020 09:09 GMT+1)

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

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
<u>CONTINUING OPERATIONS</u>			
Dividend Income	2	4,611	3,294
Other Income	3	84	62
TOTAL INCOME		4,695	3,356
Costs from Operations	4	(585)	(1)
PROFIT BEFORE TAX		4,110	3,355
Taxation	7	(16)	(12)
PROFIT FOR THE YEAR Attributable to Equity Holders		4,094	3,343
Revaluation of Investment	8	958	(587)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		5,052	2,756

The accompanying notes on pages 15 to 26 are an integral part of this statement.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Notes	2019 £'000	2018 £'000
ASSETS			
Non Current assets			
Investments	11	17,390	16,432
		<u>17,390</u>	<u>16,432</u>
Current Assets			
Cash and Cash Equivalents		13,430	10,849
Amounts receivable from Group Undertakings	9	501	255
		<u>13,931</u>	<u>11,104</u>
TOTAL ASSETS		<u>31,321</u>	<u>27,536</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share Capital	12	6,168	6,168
Share Premium		10,118	10,118
Retained Earnings		13,033	11,039
Revaluation of investments reserve		1,105	147
TOTAL EQUITY		<u>30,424</u>	<u>27,472</u>
Current Liabilities			
Amounts payable to Group Undertakings		304	53
Other payables	10	593	11
Total Current Liabilities		<u>897</u>	<u>64</u>
TOTAL EQUITY AND LIABILITIES		<u>31,321</u>	<u>27,536</u>

The accompanying notes on pages 15 to 26 are an integral part of this statement.

These financial statements were approved by the Board of Directors on 17th April 2020 and signed on its behalf by:

Claire MURAT
Claire MURAT (Apr 17, 2020)

C. Murat

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

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

	Note	Ordinary shares £'000	Share premium £'000	Retained earnings £'000	Revaluation Reserve £'000	*Total £'000
Balance at 1 January 2018		6,168	10,118	11,694	-	27,980
Changes on initial application of IFRS9 at 1 January 2018		-	-	-	734	734
Total comprehensive income for the year		-	-	3,343	-	3,343
Fair Value through OCI for the year		-	-	-	(587)	(587)
Transactions with owners: Dividends paid for the year		-	-	(3,998)	-	(3,998)
Balance at 31 December 2018		6,168	10,118	11,039	147	27,472
Changes in Equity for 2019						
Total comprehensive income for the year		-	-	4,094	-	4,094
Fair Value through OCI for the year	8	-	-	-	958	958
Transactions with owners: Dividends paid for the year		-	-	(2,100)	-	(2,100)
Balance at 31 December 2019		6,168	10,118	13,033	1,105	30,424

The accompanying notes on pages 15 to 26 are an integral part of this statement.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,110	3,355
Movements in working capital		
Increase / (Decrease) in amounts due from / payable to Group Undertakings	4	(47)
Increase in other payables	585	4
Cash flow from operating activities before tax	4,699	3,312
Corporation tax paid	(18)	(12)
Net cash inflow from operating activities	4,681	3,300
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends Paid	(2,100)	(3,998)
Net cash used in financing activities	(2,100)	(3,998)
Net movement in cash and cash equivalents	2,581	(698)
Cash and cash equivalents at beginning of period	10,849	11,547
Cash and cash equivalents at end of period	13,430	10,849

The accompanying notes on pages 15 to 26 are an integral part of this statement.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

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

GENERAL INFORMATION

JCB Finance Holdings Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is on page 7. The nature of the Company's operations and its principal activities are that of a holding company. The Company is a joint operation established between BNP Paribas Lease Group Plc (50.1%) and JCB Financial Solutions UK Limited (49.9%).

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 controls two directly held subsidiaries, one in the UK and one in France, and in addition, has two branches operating in Germany and Italy.

These separate financial statements contain information about the Company, as an individual company, and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under IAS 27 'Consolidated and Separate Financial Statements' from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent company BNP Paribas SA, who prepares consolidated financial statements in accordance with IFRS, which are made available to the public, as stated in note 19.

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

These 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.

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

Financial Assets - Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value, plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method, less any impairment losses.

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, Cash Equivalents and Financing

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. The company is financed through intercompany funding.

JCB FINANCE HOLDINGS LIMITED

COMPANY NUMBER: 06545359

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

1. ACCOUNTING POLICIES (continued)

Investments

The company made an irrevocable election for the non-traded consolidated equity instruments to be held at fair value through the other comprehensive income using the net assets of the company as a basis. This is a Level 3 determination i.e. assets and liabilities that are not based on the observable market data.

Dividends will continue to be recognised in the profit and loss but gains and losses are not reclassified to the profit and loss upon derecognition and impairment is not recognised in the income statement.

Dividend Income

Dividend Income from investments in subsidiaries are recognised when the companies right to receive payment is established.

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 measured at amortised cost comprise amounts due to Group Undertakings and other payables.

Dividends Paid

Dividends are recognised when they become legally payable, this is when declared by the directors.

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 enacted or 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 parent company is BNP Paribas Lease Group Plc, which is incorporated in England and Wales and owns 50.1% of the share capital. The ultimate parent Company is BNP Paribas SA, which is registered in France.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Foreign exchanges differences arising on translation are recognised in the income statement.

JCB FINANCE HOLDINGS LIMITED

COMPANY NUMBER: 06545359

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

1. ACCOUNTING POLICIES (continued)

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 15).
- The calculation of the fair value of Investment, in particular the assumption that the net assets represent the fair value (see note 11).

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 above had a material impact on these financial statements in the year.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

1. ACCOUNTING POLICIES (continued)

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.

ICB FINANCE HOLDINGS LIMITED
COMPANY NUMBER: 06545359

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

2. DIVIDEND INCOME

	2019	2018
	£'000	£'000
Dividend Income	-	56
Dividend Income from Investments held at FVOCI	4,611	3,238
	4,611	3,294

3. OTHER INCOME

	2019	2018
	£'000	£'000
Interest Income	84	62
	84	62

4. COST FROM OPERATIONS

	2019	2018
	£'000	£'000
Bank Charges	-	(1)
Bank Levy	(585)	-
	(585)	(1)

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors are remunerated by other group companies and no specific recharge is made in respect of their services to this Company.

The Company had no employees during the current and preceding year.

6. AUDITOR'S REMUNERATION

	2019	2018
	£'000	£'000
Fees payable for the audit of these financial statements	(1)	(1)

The expense for audit fees was met by another group company.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

7. TAXATION

The analysis of tax (charge)/credit for the year is as follows:

	2019	2018
	£'000	£'000
Current Tax		
UK corporation tax on profit for the year	(16)	(12)
	(16)	(12)

Current Tax Charge

Corporation tax is calculated at 19.00% (2018: 19.00%)

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

	2019	2018
	£'000	£'000
Profit before tax	4,110	3,355
Tax charge calculated at UK corporation tax rate of 19.00% (2018:19.00%)	(781)	(637)
Tax effect of income that is not taxable	876	625
Tax effect of expenses that are not deductible	(111)	-
Current tax Charge for the year	(16)	(12)

8. REVALUATION OF INVESTMENTS

	2019	2018
	£'000	£'000
Movement in respect of assets held at fair value through other comprehensive income	958	(587)

9. AMOUNTS RECEIVABLE FROM GROUP UNDERTAKINGS

	2019	2018
	£'000	£'000
Amounts receivable from Group Undertakings	501	255

10. OTHER PAYABLES

	2019	2018
	£'000	£'000
Accruals and Deferred Income	585	-
Corporation Tax Payable	8	11
	593	11

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

11. INVESTMENTS

	2019	2018
	£'000	£'000
Investments in subsidiaries designated at FVOCI	16,432	16,285
First Time Adoption of IFRS 9	-	734
1 January revised opening balance	16,432	17,019
Fair Value Revaluation	958	(587)
	17,390	16,432

JCB Finance Holdings Limited owns 100% of the share capital of JCB Finance SAS, which is incorporated in France. The principal activity is the provision of finance by way of finance leasing and loans in three European countries.

JCB Finance Holdings Limited owns 100% of the share capital of JCB Finance Management Services Limited, which is incorporated in England and Wales. The principal activity of JCB Finance Management Services Limited is the provision of management services for the Company and its subsidiaries.

During 2018, in accordance with IFRS 9 the company made an irrevocable election to present in other comprehensive income the subsequent changes in the fair value of the investments. This classification was also applied retrospectively by way of a first time adoption through reserves.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

12. SHARE CAPITAL

Allotted, called-up and fully paid

	2019	2018
	£'000	£'000
'A' Ordinary shares of £1 each	3,078	3,078
'B' Ordinary shares of £1 each	3,090	3,090
	<u>6,168</u>	<u>6,168</u>

'A' Shares

No resolution of the members to remove from office a director shall be effective unless a poll is taken and, in respect of any such resolution, the members holding 'A' shares shall be entitled to cast ten votes in respect of each 'A' share held.

If any member holding 'A' shares is not present in person or by proxy when a poll is taken, the votes exercisable on that poll in respect of the 'A' shares shall be increased so that the 'A' shares held by the members present in person or by proxy when the poll is taken shall together entitle such members to the total aggregate number of votes exercisable in respect of all the 'A' shares.

No resolution to amend these exceptions shall be effective unless a poll is taken and, in respect of any such resolution, the members holding 'A' shares shall be entitled to cast ten votes for every 'A' share held.

'B' Shares

No resolution of the members to remove from office any 'B' Director shall be effective unless a poll is taken and, in respect of any such resolution, the members holding 'B' shares shall be entitled to cast ten votes in respect of each 'B' share held.

If any member holding 'B' shares is not present in person or by proxy when a poll is taken, the votes exercisable on that poll in respect of the 'B' shares shall be increased so that the 'B' shares held by the members present in person or by proxy when the poll is taken shall together entitle such members to the total aggregate number of votes exercisable in respect of all the 'B' shares.

No resolution to amend these exceptions shall be effective unless a poll is taken and, in respect of any such resolution, the members holding 'B' shares shall be entitled to cast ten votes for every 'B' share held.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

13. RELATED PARTY TRANSACTIONS

The accounts reflect the following transactions with related parties:

	2019 £'000	2018 £'000
BNP Paribas London Branch - Interest Receivable	84	62
BNP Paribas London Branch – Bank charges	-	(1)
	<u>84</u>	<u>61</u>

Amounts receivable from Group Undertakings

	2019 £'000	2018 £'000
JCB Finance Management Services Limited	501	255
BNP Paribas London Branch – Cash and Cash Equivalents	13,430	10,849
	<u>13,931</u>	<u>11,104</u>

Amounts payable to Group Undertakings

	2019 £'000	2018 £'000
BNP Paribas Leasing Solutions Limited	304	53

The amounts outstanding are unsecured and will be settled in cash on demand, therefore the fair value is approximated by its carrying value. No guarantees have been given or received. No provisions have been made for doubtful debts owed by related parties.

The Company does not employ any staff directly, with all administration carried out by BNP Paribas Leasing Solutions Limited, wholly owned subsidiary of BNP Paribas Lease Group Plc, which in turn is ultimately owned by BNP Paribas SA.

Transactions with key management personnel

The directors are considered to be key management personnel. No remuneration has been paid to the directors of the Company in the current or prior year.

14. CAPITAL COMMITMENTS AND CONTINGENCIES

There were no capital commitments and contingencies at 31 December 2019 (2018: Nil).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

15. 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
- 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 Company'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.

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.

The Company's maximum exposure to credit risk is the carrying value of the financial assets held at the reporting date £13,931,000 (2018 £11,104,000)

The company has assessed this maximum exposure to credit risk at the reporting date and determined that since this arises principally from the Companies 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 EL.

This general model is applied to all instruments within the scope of IFRS 9 impairment.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Significant increase in credit risk and forward looking

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. A rating less than 4 indicates the financial instrument is performing, higher than 4 indicates it is being monitored for deterioration and a rating of 9+ and above would indicate that the financial instrument has significantly deteriorated or is deemed high risk.

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.

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.

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 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.

Interest rate risk

Interest rate risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has no borrowings and therefore is not exposed to interest rate risk.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

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

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's exposure to foreign exchange risk is not considered to be significant and consequently, sensitivity analysis information has not been provided.

Maturity profile of financial assets

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

	Less than 3 months £'000	3 -12 months £'000	1 to 5 years £'000	Over 5 years £'000	No Maturity £'000	Total £'000
<u>At 31 December 2019</u>						
Amounts receivable from Group Undertakings	501	-	-	-	-	501
Cash and Cash Equivalents	13,430	-	-	-	-	13,430
Investments	-	-	-	-	17,390	17,390
	13,931	-	-	-	17,390	31,321

At 31 December 2018

Amounts receivable from Group Undertakings	255	-	-	-	-	255
Cash and Cash Equivalents	10,849	-	-	-	-	10,849
Investments	-	-	-	-	16,432	16,432
	11,104	-	-	-	16,432	27,536

Maturity profile of financial liabilities

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

	Less than 3 months £'000	3 -12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
<u>At 31 December 2019</u>					
Amounts payable to Group Undertakings	304	-	-	-	304
<u>At 31 December 2018</u>					
Amounts payable to Group Undertakings	53	-	-	-	53

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 (continued)

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

Reconciliation of liabilities from financing activities

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

Year ended 31 December 2019

	2018	Cash flows	Non Cash Changes	2019
	£'000	£'000	£'000	£'000
<u>Short term borrowings</u>				
Amounts payable to Group Undertakings	53	251	-	304

Year Ended 31 December 2018

	2017	Cash flows	Non Cash Changes	2018
	£'000	£'000	£'000	£'000
<u>Short term borrowings</u>				
Amounts payable to Group Undertakings	50	3	-	53

16. 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

17. 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 all financial assets and liabilities unless otherwise stated, the carrying value approximates to the fair value due to their short term nature.

The fair value of equity instruments are derived from internal models without the input from any quoted figures. The net asset value of the investment approximates its fair value.

18. PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The immediate parent company is BNP Paribas Lease Group PLC, which is incorporated in England and Wales and owns 50.1% of the share capital.

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.