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 Companies Act 2006 (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 purpose of this section 172 statement is to describe how the directors of the Company have had regard to these matters when performing their duty in the year to 31 December 2020.

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: i) financing the economy in an ethical manner; ii) developing and engaging its people responsibly; iii) being a positive agent for change in its markets; and iv) 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.

The Company's Stakeholders

The Company sources its capital from within the BNP Paribas group and works closely with equipment manufacturers and suppliers to deploy capital in volumes and at rates that enable the Company to provide competitive asset finance products in the real economy, meeting the needs of its business customers.

The Company meets the asset finance needs of its business customers indirectly, through vendor finance intermediaries being equipment manufacturers, equipment dealers, resellers and brokers (**Introductory Sources**). The Company operates ethically in a regulated environment.

The Company has identified and reviewed its key stakeholder relationships:-

Stakeholder	Description of relationship	Means of engagement
Funder	The Company receives its funding via the London branch of BNP Paribas SA (**BNPP SA**).	The Company has credit lines from BNP SA.
Equipment Vendors - Manufacturers and Distributors	The Company has trading agreements with its Introductory Sources who introduce business customers to the Company.	The Company carefully selects and manages its introducers, the majority of whom are FCA authorised credit brokers. The Company has formal trading agreements in place with its Introductory Sources, which include minimum standards of conduct and the right to monitor and audit their activities. All Introductory Sources are the subject of an Introductory Source policy which includes annual reviews. The Company has no appointed representatives.
Customers/End Users	The Company works with all sizes of businesses from PLCs through to sole traders and to whom it provides asset finance by means of hire purchase, leasing, loans and unit stocking.	Business customers with asset finance needs are introduced to the Company by the Introductory Sources. The Company carries out credit and underwriting and if approved the Company provides finance to the Customer in order to finance the customer's use of the equipment. Finance terms are documented under finance terms set out in lease, HP and (to a lesser extent) loan / credit agreements.
Suppliers	The Company purchases the goods and services it requires from suppliers in the course of its business.	The Company engages with its suppliers in accordance with the BNP Paribas group procurement policy and guidelines.
Regulators	The Company is authorised and regulated by the Financial Conduct Authority (**FCA**).	The Company is authorised and regulated by the FCA as it is a provider of finance including Consumer Credit Act regulated agreements, albeit always in accordance with the Company’s business to business model. The Company’s senior management came within the FCA’s Senior Managers and Certification Regime (SM&CR) in December 2019.
Compliance	The Company has independent, Compliance, Legal and Risk teams with reporting direct to group functions.	The Company’s control functions (Compliance, Legal and Risk) have independent 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.

Trade Body – Finance and Leasing Association (**FLA**)	The Company is a member of the FLA, an established UK trade body in the asset finance sector.	The Company attends FLA committees including Regulatory reform and Legal committees and pursues its asset financer business in accordance with the FLA's Business Finance Code https://www.fla.org.uk/business-information/documents/fla-business-finance-code.
Employees	The Company employs a workforce of approximately 360 necessary for its operations.	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 which was held via online platform in December 2020.
Shareholders	The Company is a wholly owned subsidiary. See Note 30.	BNP Paribas Lease Group plc is the Company's holding company. The Company is the operating company for all BNP Paribas business leasing activity in the UK and is ultimately owned and controlled by 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's approach to decision making and key decisions in the period

In the year to 31 December 2020 the Company has taken steps to maintain a stable financial performance in light of the effects of the COVID-19 pandemic, which may not, for some time, be clear. The Company continued to work towards organic growth within its existing asset categories as a result of reinforcing relationships with key manufacturers and partnership distributors. In doing so the Company's key decisions related to:-

- COVID-19 - endeavouring where possible to help its business customers who encounter payment difficulties due to COVID-19 by agreeing to payment holidays and / or payment re-schedule.
- COVID-19 - considering and reporting on the Company's status as a going concern during the April 2020 board meeting through a COVID Impact Assessment statement applying best and worst case scenarios for the Company and generally throughout 2020;
- COVID-19 - during the pandemic, the Company has been mindful in removing to remote working to ensure that we have maintained appropriate controls;
- COVID 19 - provision of IT support to maintain remote working and support to its employees without recourse to furlough scheme or other government support.
- those areas of the market in whcih it could deliver appropriate products and customer service and the partnerships which would assist it to do so;
- the human resource and systems required to deliver these services;
- the embedding of the Senior Managers and Certification Regime;
- continuing to support the set-up, integration and management support to the UK branch of the BNP Paribas 3 Step IT joint venture entity; and
- 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 its regulator(s).

Ultimately the Company sought to minimise the impact of COVID-19 on its business whilst balancing a realistic growth strategy as a responsible provider of asset finance with the generation of profit attributable to its shareholder each year, and on an interim basis where appropriate.

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. Sustainable Environment for Carbon Reporting regulations were implemented and the Company has continued to seek to limit its environmental impact in the year to 31 December 2020. 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 vendor finance model, the Company responds to and is beholden to its Introductory Source requirements which are expected to evolve as the asset finance market evolves towards renewable, sustainable models including electric vehicles. The Company continues to engage to develop its IT asset finance business in 2020 by supporting the embedding of the BNP Paribas 3 Step IT business (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.

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 and whether the Company would continue as a going concern.

Website publication

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

https://leasingsolutions.bnpparibas.co.uk/

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

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

RESULTS AND DIVIDENDS

The results of the Company for the period to 31 December 2020 are stated in the Statement of Comprehensive Income on page 16 and show a profit before tax of £36,960k (2019: Profit of £36,799k).

A dividend of £24,500k (2019: £30,300k) was paid during the year. Further information can be found in note 12 to the financial statements.

SHARE CAPITAL

The issued share capital is £55,043,213. There was no movement in the share capital during the year. Further details are shown in Note 20 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:

R Appleton
J-M Boyer
S Gates
N James
P Layan
M Quinn
R Ramaekers
S Sorin - Appointed 10 March 2021
M Vessier

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.

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' views on the impacts of the COVID-19 coronavirus and Brexit are disclosed in the Section 172 Statement, and 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 left the European Union (EU) on 31 January 2020. A transition period was in place until 31 December 2020, during which all EU rules and laws continued to apply to the United Kingdom (UK)

The new partnership agreement between the EU and UK sets out the rules that apply as of 1 January 2021 and covers such areas as: trade in goods and service and aviation and road transport.

The Company had previously evaluated Brexit on the most prudent basis and concluded that the impact on the business was not material, the conclusion remains unchanged.

STREAMLINED ENERGY AND CARBON REPORTING DISCLOSURE

To monitor the successful implementation of the measures the Company is taking to address its direct environmental impact, an environmental reporting system is in place at Group level. The environmental performance data contained in this report has been compiled in line with the GHG Protocol Corporate Accounting Standard issued by WRI and WBCSD, the ISO standards on environmental communication, the Global Reporting Initiative (GRI) and relevant regulations on the disclosure of non-financial information. The reporting scope covers all physical locations of the Company in the UK where it has operational control. Where available data covers only part of the reporting scope, missing data has been extrapolated using a uniform methodology across the BNP Paribas Group.

Scope 1 comprises emissions generated from natural gas and fuel oil used in buildings. Scope 2 emissions are reported using GHG Protocol dual-reporting methodology, stating two figures to reflect the GHG emissions from purchased electricity, using both:

- a location-based method that reflects the average emission intensity of the national electricity grids from which consumption is drawn;

- and a market-based method that reflects emissions from electricity specific to each supply/contract. Where electricity supplies are known to be from a certified renewable source, a zero emissions factor is used, otherwise residual mix factors are used.

Scope 3 comprises emissions generated from business travel including air, rail and leased company and employee vehicles.

STREAMLINED ENERGY AND CARBON REPORTING DISCLOSURE (continued)

		2020 tonnes of CO_2e	2019 tonnes of CO_2e
Greenhouse Gas Emissions*			
Scope 1: Direct GHG Emissions due to combustion of fossil fuels		**36.54**	87.24
Scope 2: Indirect GHG Emissions from imported energy	Market-based	**58.25**	126.19
	Location-based	**100.45**	120.32
	Market-based	**94.79**	213.43
	Location-based	**136.99**	207.56
Scope 3: Indirect emissions from mobility (air, rail, company & employee vehicles)		**206.11**	470.57
		343.10	678.13
Intensity			
Total Scope 1 & 2 GHG Emissions from occupied premises per full-time equivalent employee	Location-based	**0.28**	0.44
Total Scope 1 & 2 GHG Emissions from occupied premises per floor area (m^2)	Location-based	**0.04**	0.06
Total Scope 1, 2 & 3 GHG Emissions from occupied premises per full-time equivalent employee	Location-based	**0.71**	1.44

	2020 kWh	2019 kWh
Energy Consumption		
Total Scope 1 & 2 Energy Consumption	**468,260**	775,578
Intensity		
Total Scope 1 & 2 Energy Consumption from occupied premises per floor area (m^2)	**125**	207

*Emission Factors **Scope 1**: IEA CO2 Highlights (2015). **Scope 2:** ***Location-based*** WRI (2008) GHG Protocol for stationary combustion; ***Market-based*** RE-DISSII; AIB Euroean Residual Mix (2017). **Scope 3:** ***Air & Rail*** ADEME V6.11; ***Road*** DEFRA GHG Conversion Factors (2011)

The data in this report has been verified to a reasonable level of assurance by PwC in accordance with IFAC standard ISAE 3000.

Further analysis of the Company's GHG emissions, energy consumption and renewable electricity is available on the Company's website, as detailed in the Section 172 Statement.

STREAMLINED ENERGY AND CARBON REPORTING DISCLOSURE (continued)

Reducing our energy consumption and emissions

Climate Change is undeniably one of the greatest challenges of our times. In 2019, the UK government committed to bring all greenhouse gas emissions to net zero by 2050. The Company is going further than ever before to play its part, whilst supporting the UN Sustainable Development Goals. By engaging with employees and working in partnership with suppliers, the Company is committed to reducing the impact of its UK operations on the environment.

The Company's UK Carbon Management Strategy provides a clear roadmap to future-proofing the business and our planet. The Company is committed to:

- supporting the BNP Paribas Group in reducing greenhouse gas emissions by 25% per employee by 2020, compared with a 2012 baseline;
- investing in even more energy efficiency technologies across our sites, including those highlighted through ESOS assessments;
- transitioning to a greener fleet;
- and procuring 100% of our electricity from renewable sources by 2021.

In addition to Group Level Carbon Reduction Targets, the Company has set an ambitious target to reduce absolute Scope 1 & 2 emissions by 60% by 2030, against a 2018 baseline.

Carbon intensity across the Company has reduced by 25% per employee in 2019 versus the 2012 baseline, meeting the Group target early.

Driven by reduced building occupancy and travel restrictions due to COVID-19, the Company’s carbon intensity saw a reduction of 51% per employee in 2020 against 2019.

55% of electricity purchased by the Company in 2020 came from renewable sources supported by a REGO certificate, as a result of the Bristol office switching to a renewable electricity contract.

In addition, the BNP Paribas Group has been carbon neutral since 2017, offsetting carbon emissions that cannot yet be directly avoided or reduced through pioneering conservation projects.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

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”) in conformity with the requirements of the Companies Act 2006 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 in conformity with the requirements of the Companies Act 2006 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.

N James
Director

29 April 2021

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

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

Opinion

We have audited the financial statements of BNP Paribas Leasing Solutions Limited for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, 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 accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Report of the Directors, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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 course of 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 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 12, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

Rudi Lang (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

29 April 2021

BNP PARIBAS LEASING SOLUTIONS LTD
COMPANY NUMBER 00901225

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

CONTINUING OPERATIONS	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
REVENUE					
Interest Income	3	**106,023**		104,495	
Fee Income	4	**19,727**		17,693	
Other Income	5	**2,944**		2,921	
TOTAL INCOME			**128,694**		125,109
Interest Expense	6	**(24,767)**		(27,303)	
Cost from Operations	7	**(1,764)**		(450)	
Movement on Bad Debt Impairment	8	**(17,686)**		(16,087)	
Impairment of Residual Values		**233**		(292)	
Administrative Expenses	9	**(47,751)**		(46,473)	
			(91,735)		(90,605)
PROFIT FROM OPERATIONS			**36,959**		34,504
Dividend Income	2	**1**		2,295	
			1		2,295
PROFIT BEFORE TAX			**36,960**		36,799
Tax Expense	11		**(5,800)**		(7,651)
PROFIT FOR THE YEAR Attributable to Equity Holders			**31,160**		29,148
OTHER COMPREHENSIVE INCOME FOR THE YEAR					
Revaluation of Investment	13	**2,884**		233	
Items that cannot be reclassified into profit or loss:					
Actuarial (Loss)/Gain on Defined Benefit Pension assets		**(6,715)**		3,952	
Deferred taxation on actuarial Loss/Gain on Defined Benefit Pension assets		**1,486**		(961)	
TOTAL OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR			**(2,345)**		3,224
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**28,815**		32,372

The accompanying notes on pages 21 to 53 are an integral part of this statement.

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
ASSETS	Notes	**£'000**	**£'000**	£'000	£'000
Non Current Assets					
Fixed Assets	17	**3,992**		4,005	
Investments	13	**18,789**		15,905	
Deferred Tax Assets	21	**10,840**		11,180	
Finance Lease Receivables	14	**681,143**		649,117	
Loans due from Customers	15	**58,414**		54,423	
Amounts due from Hire Purchase Agreements	16	**349,046**		300,183	
Pension Reserve	27	**5,651**		9,881	
Total Non Current Assets			**1,127,875**		1,044,694
Current Assets					
Finance Lease Receivables	14	**272,505**		274,765	
Loans due from Customers	15	**149,665**		171,841	
Amounts due from Hire Purchase Agreements	16	**232,131**		223,212	
Amounts due from Group Undertakings	26	**4,919**		2,455	
Cash and Cash Equivalents	18	**29,312**		55,315	
Other Receivables	19	**36,691**		38,467	
Total Current Assets			**725,223**		766,055
TOTAL ASSETS			**1,853,098**		1,810,749
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	20	**55,043**		55,043	
Share Premium		**4,167**		4,167	
Revaluation of Investments Reserve		**14,402**		11,518	
Retained Earnings		**108,253**		106,822	
TOTAL EQUITY			**181,865**		177,550
Non Current Liabilities					
Amounts due to Group Undertakings	22	**810,607**		779,821	
Lease Liabilities	24	**3,279**		3,690	
Total Non Current Liabilities			**813,886**		783,511
Current Liabilities					
Provision for Liabilities and Charges	23	**3,978**		6,673	
Amounts due to Group Undertakings	22	**803,028**		795,744	
Lease Liabilities	24	**545**		542	
Other Payables	25	**49,796**		46,729	
Total Current Liabilities			**857,347**		849,688
Total Liabilities			**1,671,233**		1,633,199
TOTAL EQUITY AND LIABILITIES			**1,853,098**		1,810,749

The accompanying notes on pages 21 to 53 are an integral part of this statement.

These financial statements were approved by the Board of Directors on 29 April 2021 and signed on its behalf.

N James
Director

BNP PARIBAS LEASING SOLUTIONS LTD
COMPANY NUMBER 00901225

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Ordinary Shares £'000	Share Premium £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total £'000
Opening balance sheet as at 1 January 2019		55,043	4,167	11,285	105,139	175,634
IFRS 16 First time adjustment		-	-	-	(156)	(156)
		55,043	4,167	11,285	104,983	175,478
Profit for the year		-	-	-	29,148	29,148
Other Comprehensive Income for the year		-	-	-	2,991	2,991
Net movement in respect of assets held at Fair Value through Other Comprehensive Income		-	-	233	-	233
Total Comprehensive Income for the year		-	-	233	32,139	32,372
Transactions with owners:						
Dividends paid for the year	12	-	-	-	(30,300)	(30,300)
Opening balance sheet as at 1 January 2020		**55,043**	**4,167**	**11,518**	**106,822**	**177,550**
Profit for the year		**-**	**-**	**-**	**31,160**	**31,160**
Other Comprehensive Income for the year		**-**	**-**	**-**	**(5,229)**	**(5,229)**
Net movement in respect of assets held at Fair Value through Other Comprehensive Income		**-**	**-**	**2,884**	**-**	**2,884**
Total Comprehensive Income for the year		**-**	**-**	**2,884**	**25,931**	**28,815**
Transactions with owners:						
Dividends paid for the year	12	**-**	**-**	**-**	**(24,500)**	**(24,500)**
Equity as at 31 December 2020		**55,043**	**4,167**	**14,402**	**108,253**	**181,865**

The accompanying notes on pages 21 to 53 are an integral part of this statement.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	**2020** £'000	**2020** £'000	2019 £'000	2019 £'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before Taxation		**36,960**		36,799	
Adjustments for:					
Effect of IFRS 16		**286**		854	
Dividends		**(1)**		(2,295)	
Movement in Pension		**(2,485)**		(2,417)	
			34,760		32,941
Movements in working capital					
Increase in Finance Lease Receivables		**(29,766)**		(68,893)	
Decrease in Loans Due from Customers		**18,185**		28,523	
Increase in Amounts due from Hire Purchase agreements		**(57,782)**		(31,608)	
Decrease/(Increase) in Other Receivables		**2,244**		(1,281)	
Increase/(Decrease) in Trade and other payables		**373**		(11,993)	
Cash flow from operating activities before tax		**(66,746)**		(85,252)	
Corporation Tax Paid		**(4,442)**		(774)	
			(71,188)		(86,026)
Net cash flow from operating activities			**(36,428)**		(53,085)
CASH FLOW FROM INVESTING ACTIVITIES					
Dividends received		**1**		2,295	
Net cash flow from investing activities			**1**		2,295
CASH FLOW FROM FINANCING ACTIVITIES					
Dividends paid		**(24,500)**		(30,300)	
Repayment of lease liabilities		**(682)**		(627)	
Increase in borrowings from Group Undertakings		**35,606**		18,451	
Net cash flow from financing activities			**10,424**		(12,476)
Decrease in cash and cash equivalents			**(26,003)**		(63,266)
Cash and cash equivalents at the start of the year	18		**55,315**		118,581
Cash and cash equivalents at the end of the year	18		**29,312**		55,315

The accompanying notes on pages 21 to 53 are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

BNP Paribas Leasing 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's subsidiary undertakings are all based in the UK.

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 section 401 of the Companies Act 2006 not 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, and are made available to the public as detailed in note 30.

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 (IFRS) in conformity with the requirements of 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 interest income arising from finance lease receivables, amounts due from hire purchase agreements and loan receivables, interest income arising from financial assets, 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.

Fee and other income

Other fees and income including administration fees and management fees are recognised in accordance with IFRS 15 in that they are recognised as the related services are performed.

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 present value of the lease payments, plus any residual value, is recognised as a finance lease receivable. The lease payments are spread over the lease term, and are allocated to reduce the principal and interest such that the net income reflects a constant rate of return on the net investment outstanding in the lease. The rate of interest used is the rate implicit in the lease. Finance lease income allocated to accounting periods is taken to the Statement of Comprehensive Income as interest income.

A lease contract may contain a provision giving the lessee an option to acquire title to the asset upon payment of a final rental. These contracts are known as hire purchase contracts and are disclosed separately as amounts due from hire purchase agreements.

Individual and collective impairments of finance lease receivables are determined using the same principles as applied to financial asset loans and receivables.

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. The Company does not hold any operating leases.

Operating Leases (the company as a lessee)

Since 1 January 2019, the company applied IFRS 16, adopted by the European Union on 31 October 2017.

IFRS 16 superseded IAS 17 and introduced a new recognition model that recognises all leases on a lessee's balance sheet (subject to certain exemptions) in the form of a right-of-use leased asset presented under fixed assets, along with the recognition of a financial liability for the rent and other payments to be made over the leasing period. The right-of-use assets are depreciated on a straight-line basis and the financial liabilities are amortised on an actuarial basis over the lease period.

Recovered Assets Subject to Lease Arrangements

Assets, which are subject to lease arrangements, and that have been surrendered to the Company are included within finance lease receivables or amounts due from hire purchase agreements 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.

Financial Assets at Amortised Cost

Financial assets are classified at amortised cost if the following two criteria are met: the business model objective is to hold the instrument in order to collect the contractual cash flows and the cash flows consist solely of payments relating to principal and interest on the principal. Such financial assets include most loans and receivables.

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.

Impairment

The impairment model for credit risk is based on expected losses. This model applies to loans and debt instruments measured at amortised cost or fair value through equity, to loan commitments and financial guarantee contracts that are not recognised at fair value, as well as to lease receivables, trade receivables and contract assets. Impairment losses are presented under credit risk.

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.

Plant and Machinery

On adoption of IAS 16, Plant and Machinery is stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis over the estimated useful life of the equipment as follows:

- Office furniture - 5 years
- Mobile phones - 2 years
- Laptops - 3 years
- Central IT equipment - 5 years

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.

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".

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 BNP Paribas Lease Group Plc, which is registered in England and Wales. The ultimate parent Company is BNP Paribas SA, which is registered in France.

Foreign Currencies

Transactions in currencies other than the functional currency of sterling are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the reporting date. All translation differences are recognised in the statement of comprehensive income.

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 observale 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.

Interest in Other Entities

All shares in subsidiary undertakings are ordinary share holdings.

The Company directly controls the wholly owned subsidiary BNP Paribas Lease Group (Rentals) Limited.

The Company directly controls the non wholly owned subsidiary of Claas Financial Services Limited with 51% of the share capital.

All companies within the group have an accounting reference date of 31 December.

Employee Benefits

Retirement benefits: Defined Contribution schemes

Contributions to defined contribution pension schemes are charged to the statement of comprehensive income in the year to which they relate.

Retirement benefits: Defined benefit schemes

The contributions for the defined benefit pension scheme are made to separately administered funds. On the advice of an independent, qualified actuary, contribution payments are made to the plan to ensure that the plan's assets are sufficient to cover future liabilities. The board of directors have adopted the provisions of IAS 19 – Employee benefits. Pension plan assets are measured using market values

Pension plan liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of an equivalent term to the liability.

Any increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged against operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in "Pension Costs".

Other long-term service benefits

Employees have an entitlement in that year only to an additional 5 days' paid leave after 3 years' of continued service to the Group, additional 5 days' paid leave after 6 years' of continued service, 10 additional days after 10 years service, 15 days after 15 years' service and an additional 5 days every five years, capped at 20 days but no entitlement if the employee leaves earlier. The cost is recognised in other comprehensive income in the period which the leave is taken.

Other service benefits

The Company provides private health care for managerial staff, the cost is recognised in other comprehensive income in the period in which they arise.

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.

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 28)
- The calculation of the fair value of Investment, in particular the assumption that the net assets represent the fair value. (see note 13)
- Impairment provisions recognised on finance lease receivables and hire purchase agreements (see notes 14 and 16)
- Impairment provisions recognised on loans due from customers (see note 15).
- Defined Benefit pension scheme liabilities recognised in pension reserve (see note 27)
- Provisions for liabilities and charges (see note 23)
- The application of the use of a single discount rate to a portfolio of leases (see note 24)

Standards, amendments and interpretations adopted during the year

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

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.

Conceptual Framework: Amendments to related references in IFRS Standards - Effective 1 January 2020.

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures: Amendments arising from the Interest Rate Benchmark Reform –Phase 1 Effective 1 January 2020.

IFRS 3 Business Combinations: Amendments in relation to the definition of a business - Effective 1 January 2020

IFRS 16 Leases: Amendments in relation to Covid-19-related rent concessions- Effective 1 June 2020

IFRS 4 Insurance Contracts: Amendments in relation to the temporary exemption from applying IFRS 9 Effective 25 June 2020

None of these new standards, amendments or interpretations above 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.

IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases: Amendments arising from the Interest Rate Benchmark Reform–Phase 2 Effective 1 January 2021

IAS16 Property, Plant and Equipment: Amendments in relation to proceeds before intended use -Effective 1 January 2022

IAS37 Provisions, Contingent Liabilities and Contingent Assets: Amendments in relation to the cost of fulfilling a contract when assessing onerous contracts Effective 1 January 2022

IFRS 3 Business Combinations: Amendments to update references to the Conceptual Framework - Effective 1 January 2022

Annual Improvements to IFRSs (2018 –2020 cycle) -Effective 1 January 2022

IAS 1 Presentation of Financial Statements: Amendments in relation to the classification of liabilities as current or non-current - Effective 1 January 2023

IFRS 17 Insurance Contracts - Effective 1 January 2023

Amendments to IFRS 17 Insurance Contracts - Effective 1 January 2023

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.

2. DIVIDEND INCOME

	2020 £'000	2019 £'000
Dividend Income	**1**	-
Dividend Income from Investments held at Fair Value through Other Comprehensive Income	**-**	2,295
	1	2,295

3. INTEREST INCOME

	2020 £'000	2019 £'000
Interest Income from Loans	**8,237**	10,044
Interest Income from Hire Purchase	**33,075**	31,254
Interest Income from Finance Lease	**87,612**	86,356
Interest Income from Group Undertakings (see note 26)	**70**	654
Amortised Commissions and Origination Fees	**(22,971)**	(23,813)
	106,023	104,495

All interest income is derived from the United Kingdom and the Republic of Ireland.

4. FEE INCOME

	2020 £'000	2019 £'000
Administration fees	**9,499**	9,422
Fees on Default	**1,092**	1,005
Management Charges	**9,136**	7,266
	19,727	17,693

5. OTHER INCOME

	2020 **£'000**	2019 £'000
Interest on tax payments	**95**	8
Other Revenue	**2,849**	2,913
	2,944	2,921

6. INTEREST EXPENSE

	2020 **£'000**	2019 £'000
Interest Expense to Group Undertaking (see note 26)	**(24,767)**	(27,303)
	(24,767)	(27,303)

Interest payable to group undertakings is payable on loans advanced by related parties in the BNP Paribas Group (Note 26).

7. COSTS FROM OPERATIONS

	2020 **£'000**	2019 £'000
Foreign Exchange Gain/(Loss)	**25**	(54)
Other operating costs	**(1,789)**	(396)
	(1,764)	(450)

8. IMPAIRMENT GAINS AND LOSSES

	2020	2019
	£'000	£'000
Net Provision Movement (see note 28)	**(6,301)**	(10,897)
Cost of Write Off	**(11,385)**	(5,190)
	(17,686)	(16,087)

9. ADMINISTRATION EXPENSES

	2020	2019
	£'000	£'000
Personnel Costs	**(25,114)**	(24,611)
Professional Costs	**(2,889)**	(1,764)
Bank Levy	**680**	(170)
Management Charges	**(2,991)**	(2,744)
IT Costs	**(13,999)**	(11,547)
Other administration costs	**(3,438)**	(5,637)
	(47,751)	(46,473)

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

	2020	2019
	£'000	£'000
Wages and Salaries	**(18,118)**	(17,847)
Social Security Costs	**(2,307)**	(2,167)
Pension Costs	**(2,024)**	(1,934)
Other	**(2,665)**	(2,663)
	(25,114)	(24,611)

Number of Employees

		*Restated
	2020	2019
	Number	Number
Total Average Headcount	**487**	474

The prior year figure has been restated to provide a more acccurate reflection of the headcount in the year.

Emoluments of Directors

Directors' emoluments for the period (excluding pension contributions) amounted to £1,071,969 (2019: £1,001,661). Deemed pension contributions for the period amounted to £23,328 (2019: £21,920).

The emoluments of the highest paid director (excluding pension contributions) were £274,734 (2019: £251,586). Pension contributions of the highest paid director were £nil (2019: £nil)

There has been no advance/credit given to the directors.

10. AUDITOR'S REMUNERATION

The following is included within professional costs in administration expenses:

	2020	2019
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company	**(116)**	(137)

11. TAXATION

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

	2020 £'000	2019 £'000
Current Tax		
UK Corporation tax on profits of the current year	**(4,414)**	(2,390)
Adjustments in respect of prior years	**452**	2,031
IFRS 9 movement in the current year	**(12)**	(10)
Current Tax Charge	**(3,974)**	(369)
Deferred Tax		
Current Year	**(1,429)**	(5,323)
Adjustments in respect of prior years	**(409)**	(1,969)
IFRS 9 movement in the current year	**12**	10
Deferred Tax Charge (see note 21)	**(1,826)**	(7,282)
Total Tax Charge for the year	**(5,800)**	(7,651)

Corporation Tax is calculated at 19% (2019: 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:

	2020 £'000	2019 £'000
Profit on ordinary activities before tax	**(36,960)**	(36,799)
Tax charge at the UK standard rate of Corporation Tax of 19% (2019: 19%)	**(7,022)**	(6,992)
Tax effect of income that is not taxable	**-**	436
Tax effect of expenses that are not deductible	**122**	(48)
Adjustments in respect of prior years	**43**	62
Adjustment to deferred tax due to IFRS 16	**-**	(7)
Adjustment to deferred tax due to rate change	**1,057**	(1,102)
Total Tax Charge for the year	**(5,800)**	(7,651)

12. DIVIDENDS

	2020 £'000	2019 £'000
Prior Year Final Dividend: 27.25 pence (2019: nil) per share	**15,000**	-
Current Year Interim Dividend: 17.26 pence (2019: 55.05 pence) per share	**9,500**	30,300
	24,500	30,300

13. INVESTMENTS

	2020	2019
	£'000	£'000
Investments in subsidiaries designated at FVOCI b/fwd	**15,905**	15,672
Fair Value Revaluation	**2,884**	233
	18,789	15,905

All shares in subsidiary undertakings are ordinary share holdings. The principal activity of all the companies within the Group is the provision of finance and related services. The following companies are the principal subsidiaries of the Company, which are incorporated in Great Britain and registered in England and Wales.

Directly Controlled Wholly Owned Subsidiary Undertakings

BNP Paribas Lease Group (Rentals) Limited	Dissolved 16 March 2021
Commercial Vehicle Finance Limited	Dissolved 8 December 2020

Directly controlled Non Wholly Owned Subsidiary

Claas Financial Services Limited	51%	Trading

14. FINANCE LEASE RECEIVABLES

	2020 £'000	2019 £'000
Finance Lease receivables	**994,773**	960,816
Impairment of finance lease receivables	**(41,125)**	(36,934)
Total of Finance Lease receivables due from customers net of impairment provisions	**953,648**	923,882

	2020 £'000	2019 £'000
Finance Lease Receivables		
Gross Investment	**1,114,373**	1,075,365
Gross Receivable within 1 year	**363,916**	360,319
Gross Receivable between 1 and 5 years	**716,818**	684,533
Gross Receivable after 5 years	**33,639**	30,513
Unearned Interest Income	**(119,600)**	(114,549)
Net Investment before impairment provisions	**994,773**	960,816
Net Receivable within 1 year	**313,630**	311,699
Net Receivable between 1 and 5 years	**649,605**	620,214
Net Receivable after 5 years	**31,538**	28,903
	994,773	960,816
Impairment Provisions	**(41,125)**	(36,934)
	953,648	923,882

The cost of the assets acquired during the year for onwards finance leasing was £461,444k (2019: £537,837k).

Included within the net investment above is £7,466k (2019: £7,040k) which relates to the unguaranteed residual value receivable from leased assets.

Continued

The below table represents the movement in the year by stage for finance lease receivables:

	Gross carrying amount				Allowance for ECL			
	Stage 1 £'000	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
At 1 January	**988,406**	**55,987**	**30,972**	**1,075,365**	**(7,889)**	**(4,093)**	**(24,952)**	**(36,934)**
Transfers due to changes in credit risk:								
New into Stage 1	**347,732**	**-**	**-**	**347,732**	**(4,256)**	**-**	**-**	**(4,256)**
New into Stage 2	**-**	**30,457**	**-**	**30,457**	**-**	**(2,129)**	**-**	**(2,129)**
New into Stage 3	**-**	**-**	**11,259**	**11,259**	**-**	**-**	**(7,126)**	**(7,126)**
From Stage 1 to Stage 2	**(39,170)**	**30,391**	**-**	**(8,779)**	**379**	**(1,913)**	**-**	**(1,534)**
From Stage 1 to Stage 3	**(14,602)**	**-**	**9,445**	**(5,157)**	**204**	**-**	**(6,583)**	**(6,379)**
From Stage 2 to Stage 1	**10,595**	**(17,492)**	**-**	**(6,897)**	**(147)**	**1,308**	**-**	**1,161**
From Stage 2 to Stage 3	**-**	**(5,530)**	**2,677**	**(2,853)**	**-**	**656**	**(1,596)**	**(940)**
From Stage 3 to Stage 1	**439**	**-**	**(4,755)**	**(4,316)**	**(10)**	**-**	**4,204**	**4,194**
From Stage 3 to Stage 2	**-**	**580**	**(482)**	**98**	**-**	**(62)**	**214**	**152**
Remeasurements within existing stage	**(141,973)**	**(7,074)**	**(1,816)**	**(150,863)**	**1,063**	**558**	**2,643**	**4,264**
Exits from Stage 1	**(151,666)**	**-**	**-**	**(151,666)**	**1,272**	**-**	**-**	**1,272**
Exits from Stage 2	**-**	**(11,526)**	**-**	**(11,526)**	**-**	**691**	**-**	**691**
Exits from Stage 3	**-**	**-**	**(8,481)**	**(8,481)**	**-**	**-**	**6,439**	**6,439**
	999,761	**75,793**	**38,819**	**1,114,373**	**(9,384)**	**(4,984)**	**(26,757)**	**(41,125)**

Remeasurements within the existing stage arise from the change in exposure for customers through run-down of the exposure.

When moving between stages, the movement out of the stage is the exposure at the beginning of the year, and the balance moving into the new stage is the exposure at the end of the year, therefore the difference is the run-down of the exposure.

Exits from a stage include write-offs.

15. LOANS DUE FROM CUSTOMERS

	2020	2019
	£'000	£'000
Loans due from Customers before impairment	**211,884**	229,297
Impairment of loans receivable	**(3,805)**	(3,033)
Loans due from customers net of impairment provisions	**208,079**	226,264
Loans due from Customers within 1 year	**153,470**	174,874
Loans due from Customers after 1 year	**58,414**	54,423
Total Loans due from Customers before impairment	**211,884**	229,297

The below table represents the movement in the year by stage for loans due from customers:

	Gross carrying amount				Allowance for ECL			
	Stage 1 £'000	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
At 1 January	**231,140**	**5,223**	**1,279**	**237,642**	**(325)**	**(124)**	**(2,584)**	**(3,033)**
Transfers due to changes in credit risk:								
New into Stage 1	**43,095**	**-**	**-**	**43,095**	**(105)**	**-**	**-**	**(105)**
New into Stage 2	**-**	**3,846**	**-**	**3,846**	**-**	**(60)**	**-**	**(60)**
New into Stage 3	**-**	**-**	**286**	**286**	**-**	**-**	**(204)**	**(204)**
From Stage 1 to Stage 2	**(8,609)**	**3,169**	**-**	**(5,440)**	**39**	**(104)**	**-**	**(65)**
From Stage 1 to Stage 3	**(1,051)**	**-**	**580**	**(471)**	**5**	**-**	**(332)**	**(327)**
From Stage 2 to Stage 1	**652**	**(1,684)**	**-**	**(1,032)**	**(3)**	**27**	**-**	**24**
From Stage 2 to Stage 3	**-**	**(558)**	**333**	**(225)**	**-**	**30**	**(194)**	**(164)**
From Stage 3 to Stage 1	**5**	**-**	**(9)**	**(4)**	**-**	**-**	**3**	**3**
From Stage 3 to Stage 2	**-**	**17**	**(21)**	**(4)**	**-**	**(1)**	**11**	**10**
Remeasurements within existing stage	**(31,030)**	**(514)**	**(107)**	**(31,651)**	**49**	**24**	**(176)**	**(103)**
Exits from Stage 1	**(25,194)**	**-**	**-**	**(25,194)**	**50**	**-**	**-**	**50**
Exits from Stage 2	**-**	**(1,321)**	**-**	**(1,321)**	**-**	**14**	**-**	**14**
Exits from Stage 3	**-**	**-**	**(232)**	**(232)**	**-**	**-**	**155**	**155**
	209,008	**8,178**	**2,109**	**219,295**	**(290)**	**(194)**	**(3,321)**	**(3,805)**

Remeasurements within the existing stage arise from the change in exposure for customers through run-down of the exposure.

When moving between stages, the movement out of the stage is the exposure at the beginning of the year, and the balance moving into the new stage is the exposure at the end of the year, therefore the difference is the run-down of the exposure.

Exits from a stage include write-offs.

16. AMOUNTS DUE FROM HIRE PURCHASE AGREEMENTS

	2020	2019
	£'000	£'000
Amounts due from hire purchase agreements before impairment	**587,861**	528,637
Impairment of hire purchase agreements	**(6,684)**	(5,242)
Amounts due from hire purchase agreements net of impairment provisions	**581,177**	523,395

	2020	2019
	£'000	£'000
Amounts due from hire purchase agreements		
Gross Receivables	**633,092**	567,870
Gross Receivable within 1 year	**261,529**	248,708
Gross Receivable between 1 and 5 years	**367,914**	316,586
Gross Receivable after 5 years	**3,649**	2,576
Unearned Interest Income	**(45,231)**	(39,233)
Net Investment before impairment provisions	**587,861**	528,637
Net Receivable within 1 year	**238,816**	228,454
Net Receivable between 1 and 5 years	**345,523**	297,693
Net Receivable after 5 years	**3,522**	2,490
	587,861	528,637
Impairment Provisions	**(6,684)**	(5,242)
	581,177	523,395

The cost of the assets acquired during the year for use in hire purchase agreements was £341,942k (2019: £297,874k)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Continued

The below table represents the movement in the year by stage for hire purchase agreements:

	Gross carrying amount				Allowance for ECL			
	Stage 1 £'000	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
At 1 January	543,985	19,165	4,720	567,870	(1,703)	(720)	(2,819)	(5,242)
Transfers due to changes in credit risk:								
New into Stage 1	249,011	-	-	249,011	(901)	-	-	(901)
New into Stage 2	-	8,288	-	8,288	-	(402)	-	(402)
New into Stage 3	-	-	5,617	5,617	-	-	(731)	(731)
From Stage 1 to Stage 2	(15,957)	11,468	-	(4,489)	102	(425)	-	(323)
From Stage 1 to Stage 3	(5,290)	-	2,438	(2,852)	41	-	(623)	(582)
From Stage 2 to Stage 1	3,186	(4,727)	-	(1,541)	(36)	165	-	129
From Stage 2 to Stage 3	-	(1,466)	535	(931)	-	106	(194)	(88)
From Stage 3 to Stage 1	94	-	(40)	54	(2)	-	9	7
From Stage 3 to Stage 2	-	383	(252)	131	-	(23)	61	38
Remeasurements within existing stage	(85,880)	(2,945)	(516)	(89,341)	295	128	(115)	308
Exits from Stage 1	(93,560)	-	-	(93,560)	256	-	-	256
Exits from Stage 2	-	(3,830)	-	(3,830)	-	113	-	113
Exits from Stage 3	-	-	(1,337)	(1,337)	-	-	734	383
	595,591	26,336	11,165	633,092	(1,948)	(1,058)	(3,678)	(6,684)

Remeasurements within the existing stage arise from the change in exposure for customers through run-down of the exposure.

When moving between stages, the movement out of the stage is the exposure at the beginning of the year, and the balance moving into the new stage is the exposure at the end of the year, therefore the difference is the run-down of the exposure.

Exits from a stage include write-offs.

17. FIXED ASSETS

	Right-of-use Assets	Plant & Machinery	Total £'000
Cost:			
1 January	**6,409**	**-**	**6,409**
Additions	**170**	**640**	**810**
Disposals	**-**	**-**	**-**
31 December	**6,579**	**640**	**7,219**
Depreciation:			
1 January	**(2,404)**	**-**	**(2,404)**
Charge for the year	**(600)**	**(223)**	**(823)**
Disposals	**-**	**-**	**-**
31 December	**(3,004)**	**(223)**	**(3,227)**
Total carrying amount 2020	**3,575**	**417**	**3,992**
Total carrying amount 2019	4,005	-	4,005

18. CASH AND CASH EQUIVALENTS

	2020 £'000	2019 £'000
Balances held with Group bank (see note 26)	**29,255**	53,888
Balances held with non-group bank	**57**	1,427
	29,312	55,315

19. OTHER RECEIVABLES

	2020 £'000	2019 £'000
Prepayments	**1,961**	1,949
Accrued Income and Deferred Cost	**433**	362
Trade Debtors (Stage 1)	**26,012**	27,584
Corporation tax receivable	**2,965**	2,497
Other Receivables (Stage 1)	**5,320**	6,075
	36,691	38,467

20. SHARE CAPITAL

	2020 £'000	2019 £'000
Authorised		
56,000,000 ordinary shares of £1 each	**56,000**	56,000
Allotted and fully paid		
55,043,213 ordinary shares of £1 each	**55,043**	55,043

21. DEFERRED TAXATION

Deferred tax has been provided in full at 17% (2019: 19%) as follows:

	2020 £'000	2019 £'000
Excess of tax allowances over book depreciation	**11,802**	12,747
IFRS 16 First time adjustment	**-**	37
Movements in the year	**111**	76
Pension assets	**(4,344)**	(3,465)
Deferred tax on actuarial gain / loss	**3,271**	1,785
Deferred Taxation asset	**10,840**	11,180

The movement in deferred taxation is reconciled as follows:

	2020 £'000	2019 £'000
Opening balance as at 1 January	**11,180**	19,386
IFRS 16 First time adjustment	**-**	37
Movement in the year	**(16)**	-
Deferred Tax Charge	**(1,810)**	(7,282)
Deferred tax on actuarial gains and losses	**1,486**	(961)
Closing balance as at 31 December	**10,840**	11,180

The Finance Act 2020 received Royal Assent on 22 July 2020. The main rate of corporation tax of 19% has been enacted to apply from April 2017 to March 2022. 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.

22. AMOUNTS DUE TO GROUP UNDERTAKINGS

	Notes	2020 £'000	2019 £'000
Amount owed to Group Undertakings - current liability	26	**803,028**	795,744
Amount owed to Group Undertakings - non current liability	26	**810,607**	779,821
		1,613,635	1,575,565

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.

23. PROVISION FOR LIABILITIES AND CHARGES

The movement in provisions is as follows:

	2019 £'000	Movement in provisions £'000	Provisions Utilised £'000	2020 £'000
Systems Development	682	**1,062**	**(1,006)**	**738**
Office Refurbishment	515	**-**	**(515)**	**-**
Deferred Compensation	125	**31**	**-**	**156**
Regulatory Projects	78	**-**	**(78)**	**-**
Commercial Settlements	4,311	**(1,909)**	**-**	**2,402**
Legal and Professional costs	862	**-**	**(248)**	**614**
Carbon Reduction	100	**-**	**(32)**	**68**
	6,673	**(816)**	**(1,879)**	**3,978**

The provision for Systems Development is for the acquisition and development of IT tools to support process improvements and new technology deployment. These will be deployed over the next 3 years in the context of the Strategic Development plan. The provisions are calculated using internal estimates based upon historic experience, including reasonable contingency.

The provision for Deferred Compensation relates to long-term incentive plans which aim to involve the key BNP Paribas employees in the Group's value growth.

The Commercial Settlements provision covers potential goodwill settlement in respect of operational processes.

The Legal and Professional costs provision is to cover costs associated with future liability management.

The Carbon Reduction provision supports initiatives to reduce Leasing Solutions' carbon footprint.

24. LEASE LIABILITIES

	2020 £'000	2019 £'000
At 1 January	4,232	4,786
Additions	170	75
Interest expense related to lease liabilities	104	117
Repayment of lease liabilities (incl. interest)	(682)	(627)
Disposals	-	(119)
At 31 December	3,824	4,232
Lease Liabilities due within 1 year	545	542
Lease Liabilites due after 1 year	3,279	3,690
	3,824	4,232

25. OTHER PAYABLES

	2020 £'000	2019 £'000
Accruals and Deferred Income	24,529	25,297
Trade Creditors	9,362	10,668
Other Payables	15,905	10,764
	49,796	46,729

26. RELATED PARTY TRANSACTIONS

The accounts reflect the following transactions with related parties:

	Notes	2020	2019
		£'000	£'000
BNP Paribas 3 Step IT - Management Charges Receivable		2,375	122
BNP Paribas Leasing Solutions Luxembourg SA - Interest Payable	6	(506)	(1,024)
BNP Paribas London Branch - Interest Payable	6	(24,261)	(26,279)
BNP Paribas London Branch - Interest Receivable	3	70	654
BNP Paribas London Branch		(984)	(838)
BNP Paribas Paris - Management Charges Payable		(2,991)	(2,744)
BNP Paribas Paris - IT Charges Payable		(12,865)	(10,440)
BNP Paribas Paris - Secondment Costs Receivable		655	835
BNP Paribas Rental Solutions Limited - Management Charges Receivable		1,621	1,896
Claas Financial Services Limited - Management Charges Receivable		1,428	1,380
CNH Capital Europe Limited - Management Charges Receivable		2,162	2,177
Manitou Finance Limited - Management Charges Receivable		1,550	1,690
Manitou Finance Limited - Commissions Payable		(147)	(164)
		(31,893)	(32,735)

Amounts due to group undertakings

	Notes	2020	2019
		£'000	£'000
BNP Paribas Lease Group Plc - Current Liability		17,130	17,130
BNP Paribas Leasing Solutions Luxembourg SA - Current Liability		13,174	22,647
BNP Paribas Leasing Solutions Luxembourg SA - Non Current Liability		7,700	20,800
BNP Paribas London Branch - Current Liability		767,388	743,371
BNP Paribas London Branch - Non Current Liability		802,907	759,021
BNP Paribas Paris		4,886	5,501
Claas Financial Services Limited		-	1,293
CNH Capital Europe Limited		-	3,715
Commercial Vehicle Finance Limited		-	1
Fortis Lease UK Limited		-	975
JCB Management Services Limited		450	255
Manitou Finance Limited		-	856
	22	1,613,635	1,575,565

Amounts due from group undertakings

	2020	2019
	£'000	£'000
BNP Paribas Rental Solutions Limited	1,759	2,151
Claas Financial Services Limited	185	-
CNH Capital Europe Limited	2,088	-
Fortis Lease UK Limited	344	-
JCB Finance Holdings Limited	347	304
Manitou Finance Limited	196	-
	4,919	2,455

Cash and Cash Equivalents

	2020	2019
	£'000	£'000
Balances held with Group bank	29,255	53,888
	29,255	53,888

27. PENSION RESERVES

Defined Contribution Scheme

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £1,372,104 (2019: £1,255,440). At 31 December 2020, contributions amounting to £194,711 (2019: £159,356) were payable to the fund and included in other creditors. Contributions for 2020 are estimated at £1,440,710.

Defined Benefit Scheme

Humberclyde Finance Group Pension and Life Assurance Scheme

The Company funds the non-contributory defined benefit scheme providing benefits based on final pensionable salary. The assets of the schemes are held separately from those of the Company in a pension trust. The total service charge for the period was £243,000 (2019: £244,000).

The actuarial valuations have been updated at 31 March 2018 by a qualified actuary using revised assumptions that are consistent with the requirements of IAS 19. Employer contribution for 2020 is estimated at £2,961,000.

	2020	2019
	£'000	£'000
Change in Defined Benefit Obligation		
Defined Benefit obligation at start of the period	**49,476**	46,480
Current service cost	**243**	244
Past service cost	**164**	-
Interest expense	**971**	1,256
Remeasurement arising from changes in demographic assumptions	**223**	(587)
Remeasurement arising from changes in financial assumptions	**8,138**	5,521
Remeasurement arising from experience	**(294)**	(213)
Benefits paid	**(1,895)**	(3,225)
Defined Benefit Obligation at the end of the period	**57,026**	49,476
Amount recognised in Statement of Financial Position		
Present value of Defined Benefit Obligation	**(57,026)**	(49,476)
Fair Value of plan assets	**58,590**	52,899
Surplus in scheme	**1,564**	3,423
Effect of asset ceiling/minimum funding requirement	**n/a**	n/a
Net defined benefit asset	**1,564**	3,423

27. PENSION RESERVES - continued

	2020 £'000	2019 £'000
Defined Benefit Cost		
Current service cost	**243**	244
Past service cost	**164**	-
Expenses met directly by the employer	**252**	309
Service cost	**659**	553
Net interest on the net defined benefit liability/(asset)	**(94)**	(15)
Total recognised in Profit or Loss	**565**	538
Remeasurement recognised in Other Comprehensive Income	**4,189**	(1,941)
Defined Benefit Cost	**4,754**	(1,403)

Plan Assets

The weighted average asset allocations at the year end were as follows

	2020 £'000	2019 £'000
Equities	**10%**	10%
Gilts/Corporate Bonds	**88%**	86%
Cash	**2%**	4%
Amounts included in the fair value of the asset for		
Equities	**5,859**	5,290
Gilts/Corporate Bonds	**51,559**	45,493
Cash	**1,172**	2,116

	2020	2019
Change in Plan Assets		
Fair Value of plan assets at start of the period	**52,899**	45,845
Interest income	**1,065**	1,271
Actual return on plan assets, excluding interest income	**3,878**	6,662
Employer contributions	**2,895**	2,655
Actual Benefits paid	**(1,895)**	(3,225)
Non investment related expenses and other payments	**(252)**	(309)
Fair Value of plan assets at the end of the period	**58,590**	52,899
Actual return on plan assets	**4,943**	7,933
Weighted average assumptions used to determine benefit obligations and pension expense:		
Discount rate	**1.30%**	2.00%
Salary growth	**3.20%**	3.10%

27. PENSION RESERVES - continued

Defined Benefit Scheme

UCB Group Retirement Benefits Scheme

The scheme was closed in 2005 after a one-off contribution was made in 2003 to clear the deficit on the scheme. The scheme has no active members. The Company will not therefore recover the surplus through reduced future contributions and does not expect any refunds from the scheme. As the scheme is closed, under the projected unit method the current service cost will increase as the members of the scheme approach retirement.

The actuarial valuations have been updated at 31 March 2018 by a qualified actuary using revised assumptions that are consistent with the requirements of IAS19. Employer contribution for 2020 is estimated at £240,000.

	2020	2019
	£'000	£'000
Change in Benefit Obligation		
Defined Benefit obligation at start of period	**34,267**	31,983
Past service cost	**73**	-
Interest expense	**669**	870
Remeasurement arising from changes in demographic assumptions	**167**	(303)
Remeasurement arising from changes in financial assumptions	**5,810**	3,651
Remeasurement arising from experience	**(779)**	(104)
Benefits paid	**(1,633)**	(1,830)
Defined Benefit Obligation at end of period	**38,574**	34,267
Amount recognised in Statement of Financial Position		
Present Value of Defined Benefit Obligation	**(38,574)**	(34,267)
Fair Value of plan assets	**42,661**	40,725
Surplus in scheme	**4,087**	6,458
Effect of asset ceiling/minimum funding requirement	**n/a**	n/a
Net defined benefit asset	**4,087**	6,458
Defined Benefit Cost		
Past service cost	**73**	-
Expenses met directly by the employer	**143**	245
Service cost	**216**	245
Net interest on the net defined benefit liability/(asset)	**(130)**	(119)
Total recognised in Profit or Loss	**86**	126
Remeasurement recognised in Other Comprehensive Income	**2,525**	(2,010)
Defined benefit cost	**2,611**	(1,884)

27. PENSION RESERVES - continued

	2020 £'000	2019 £'000
Plan Assets		
The weighted average asset allocations at the year end were as follows		
Equities	**10%**	9%
Gilts/Corporate Bonds	**89%**	88%
Cash	**1%**	3%
Amounts included in the fair value of the asset for		
Equities	**4,266**	3,665
Gilts/Corporate Bonds	**37,968**	35,838
Cash	**427**	1,222
Change in Plan Assets		
Fair Value of plan assets at start of period	**40,725**	36,130
Interest income	**799**	989
Actual return on plan assets, excluding interest income	**2,673**	5,254
Employer contributions	**240**	427
Non investment related expenses and other payments	**(143)**	(245)
Benefits paid	**(1,633)**	(1,830)
Fair Value of plan assets at the end of the period	**42,661**	40,725
Actual return on plan assets	**3,472**	6,243
Weighted average assumptions used to determine benefit obligations and pension expense		
Discount Rate	**1.30%**	2.00%

28. 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 £1,853,098k (2019: £1,810,749k).

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 IFRS 9 impairment.

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 ρ 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 counterparty rating, which could take the form of an expert rating (corporate customers), statistical rating (retail customers) or a default rating (government, local authorities). 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. For performing exposures, a rating of 4- or better is automatically classified in Stage 1. Ratings between 5+ and 8- are monitored for deterioration since origination, to determine which stage they should be classified within, whilst ratings 9+ or worse are automatically classified as Stage 2.

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.

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.

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

Gross Exposure Movement

The following tables contain an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the maximum exposure to credit risk on these assets.

	Internal grading
Low Risk	1+ to 5-
Medium Risk	6+ to 8-
High Risk	9+ to 10-
In Default	11 and 12

Year Ended 31 December 2020

	Gross carrying amount				Allowance for ECL			
	Stage 1 £'000	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
Low Risk	815,326	6,101	-	821,427	(990)	(11)	-	(1,001)
Medium Risk	1,023,332	62,757	-	1,086,089	(11,132)	(1,603)	-	(12,735)
High Risk	-	41,450	-	41,450	-	(4,622)	-	(4,622)
In Default	-	-	52,093	52,093	-	-	(33,756)	(33,756)
	1,838,658	**110,308**	**52,093**	**2,001,059**	**(12,122)**	**(6,236)**	**(33,756)**	**(52,114)**

Year Ended 31 December 2019

	Gross carrying amount				Allowance for ECL			
	Stage 1 £'000	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
Low Risk	790,620	1,259	-	791,879	(1,071)	(4)	-	(1,075)
Medium Risk	1,009,069	44,684	-	1,053,753	(9,451)	(1,300)	-	(10,751)
High Risk	-	34,432	-	34,432	-	(3,633)	-	(3,633)
In Default	-	-	36,969	36,969	-	-	(30,354)	(30,354)
	1,799,689	**80,375**	**36,969**	**1,917,033**	**(10,522)**	**(4,937)**	**(30,354)**	**(45,813)**

The year on year allowance for expected credit losses has increased by £6,301k, mainly due to the increase in Stage 3 provisions required (see notes 14, 15 and 16).

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

The following table represents the carrying amount of the financial assets that are past due but not impaired (by age of past due), and impaired assets. The credit risk is mitigated due to the Company retaining legal title to assets subject to finance leases and hire purchase agreements. The Company does not have any further credit enhancements. The amounts shown are stated before any provision on a portfolio basis.

Balances in Arrears

Year Ended 31 December 2020

	Not past due £'000	**0-29 days £'000**	**30-59 days £'000**	**60 - 89 days £'000**	**Over 90 days £'000**	**Total £'000**
Finance Leases	**913,063**	**26,189**	**10,135**	**6,696**	**38,690**	**994,773**
Loans to Customers	**197,740**	**6,960**	**4,394**	**534**	**2,256**	**211,884**
Hire Purchase	**570,072**	**4,725**	**3,499**	**2,164**	**7,401**	**587,861**
	1,680,875	**37,874**	**18,028**	**9,394**	**48,347**	**1,794,518**

Year Ended 31 December 2019

	Not past due £'000	0-29 days £'000	30-59 days £'000	60 - 89 days £'000	Over 90 days £'000	Total £'000
Finance Leases	885,256	22,657	11,613	6,865	34,425	960,816
Loans to Customers	214,267	10,028	2,731	565	1,705	229,296
Hire Purchase	515,237	5,293	1,997	993	5,117	528,637
	1,614,760	37,978	16,341	8,423	41,247	1,718,749

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 conducts business in the Republic of Ireland and contracts in Euros, however because it is fixed rate matching the overall exposure is considered nominal. The Company transfers any net revenue income back to Sterling at the exchange rate prevailing at the month end.

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

28. 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 2020

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Finance Lease Receivables	98,597	265,319	716,818	33,639	1,114,373
Loans due from Customers	120,643	36,744	60,921	731	219,038
Amounts due from Hire Purchase	74,818	186,711	367,914	3,649	633,092
Other Receivables	34,297	-	-	-	34,297
	328,355	488,774	1,145,653	38,019	2,000,800

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
Finance Lease Receivables	109,298	251,021	684,533	30,513	1,075,365
Loans due from Customers	142,996	36,150	57,102	1,394	237,642
Amounts due from Hire Purchase	78,421	170,287	316,586	2,576	567,870
Other Receivables	36,156	-	-	-	36,156
	366,871	457,458	1,058,221	34,483	1,917,033

Financial Liabilities

Year Ended 31 December 2020

	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	341,753	479,797	822,421	1,804	1,645,775
Other Payables	25,268	-	-	-	25,268
	367,021	479,797	822,421	1,804	1,671,043

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	334,070	482,182	788,868	8,304	1,613,424
Other Payables	21,433	-	-	-	21,433
	355,503	482,182	788,868	8,304	1,634,857

28. 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 2020

Short term borrowings	2019 £'000	Cash flows £'000	Non-Cash changes £'000	2020 £'000
Share Capital and Reserves	**177,575**	**-**	**4,289**	**181,864**
Amounts payable to Group Undertakings	**1,613,424**	**35,606**	**(3,255)**	**1,645,775**

Year Ended 31 December 2019

Short term borrowings	2018 £'000	Cash flows £'000	Non-Cash changes £'000	2019 £'000
Share Capital and Reserves	175,634	-	1,941	177,575
Amounts payable to Group Undertakings	1,627,230	18,125	(31,931)	1,613,424

29. 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.

30. PARENT AND ULTIMATE CONTROLLING PARTY

The immediate parent is BNP Paribas Lease Group Plc, which is incorporated in England and Wales. 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.

31. EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred after the reporting period.