

**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**

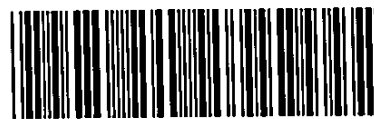
**REPORT OF THE DIRECTORS**

**AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

**REGISTERED NUMBER: 2133823**

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**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**  
**COMPANY NUMBER 2133823**  
**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

The directors have pleasure in submitting their report and the audited financial statements for the year ended 31 December 2010

**Principal Activities and Business Review**

The principal activity of the company is the provision of finance to industry primarily by way of rental arrangements. The company has traded successfully in its chosen market and is expected to continue to do so.

BNP Paribas Lease Group (Rentals) Ltd operates as part of a group managed on a sectoral basis for which comprehensive Key Performance Indicators are regularly provided to its shareholder. For this reason, the company's directors believe that it is not necessary to present further key performance indicators as part of the directors' report.

**Results and Dividends**

The profit and loss account for the year ended 31 December 2010 is set out on page 4. The board does not recommend payment of a dividend (2009 £Nil).

**Financial Instruments**

**Treasury operations and financial instruments**

The company is part of BNP Paribas Lease Group. The Group operates a centralised treasury function which is responsible for managing the liquidity and interest rate risks associated with the company's activities.

**Credit risk**

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

**Directors and their Interests**

The directors of the company, who served during the year and up to the date of this report, were

N D James  
A Taylor (resigned 7 March 2011)  
M Camm  
R Appleton  
R Pettifer  
A Milsom  
C Cowell  
M Arden  
J Gervais  
B Dilly

No director of the company has at any time had any beneficial interest in the shares of the company or the group.

**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**  
**COMPANY NUMBER 2133823**  
**DIRECTORS' REPORT (Continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

**Statement of Directors' Responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**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.

**Statement as to disclosure of information to auditors**

The directors have taken all the necessary steps to make us aware, as directors, 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.

By order of the Board 23/09/2011



N D James  
Director

Northern Cross  
Basing View  
Basingstoke  
Hants RG21 4HL

**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**

We have audited the financial statements of BNP Paribas Lease Group (Rentals) Limited for the year ended 31 December 2010 which comprise Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. 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.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

**Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

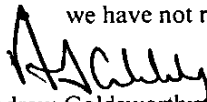
**Opinion on the other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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, 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.

  
 Andrew Goldsworthy (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

Date 29 September 2011

**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**  
**COMPANY NUMBER 2133823**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010**

| <b><u>CONTINUING OPERATIONS</u></b>                                | <b><u>Notes</u></b> | <b><u>2010</u></b><br><b><u>£'000</u></b> | <b><u>2009</u></b><br><b><u>£'000</u></b> |
|--|---------------------|---|---|
| Interest receivable  |                     | 36,946                                    | 36,053                                    |
| Interest payable   | 3                   | (16,235)                                  | (18,972)                                  |
|  |                     | <u>20,711</u>                             | <u>17,081</u>                             |
| <b>GROSS PROFIT</b>  |                     |   |   |
| Other operating income   |                     | 6,985                                     | 6,573                                     |
| Administrative expenses  | 4                   | (19,805)                                  | (17,881)                                  |
| <b>OPERATING PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> |                     | <u>7,891</u>                              | <u>5,773</u>                              |
| Taxation on profit on ordinary activities                          | 5                   | (894)                                     | (1,778)                                   |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>                               | 12                  | <u><u>6,997</u></u>                       | <u><u>3,995</u></u>                       |

The company has no recognised gains or losses other than the profit for the period

**BNP PARIBAS LEASE GROUP (RENTALS) LTD**  
**COMPANY NUMBER 2133823**

**BALANCE SHEET AS AT 31 DECEMBER 2010**

|   | <u>Notes</u> | <u>2010</u><br><u>£'000</u> | <u>2009</u><br><u>£'000</u> |
|---|--------------|-----------------------------|-----------------------------|
| <b>FIXED ASSETS</b>   |              |                             |                             |
| Operating lease assets  | 6            | 245,399                     | 241,329                     |
| <b>CURRENT ASSETS</b>   |              |                             |                             |
| Debtors amounts falling due within a year                     | 7            | 56,820                      | 63,825                      |
| Debtors amounts falling due after one year                    | 7            | 72,499                      | 77,588                      |
| <b>CREDITORS</b> Amounts falling due within one year          | 8            | (346,586)                   | (360,673)                   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                  |              | 28,132                      | 22,069                      |
| <b>CREDITORS</b> Amounts falling due after more than one year | 9            | (369)                       | (880)                       |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                 |              |                             |                             |
| Deferred Taxation   | 10           | (9,997)                     | (10,420)                    |
| <b>NET ASSETS</b>   |              | 17,766                      | 10,769                      |
| <b>CAPITAL AND RESERVES</b>                                   |              |                             |                             |
| Called up share capital                                       | 11           | -                           | -                           |
| Profit and loss account                                       |              | 17,766                      | 10,769                      |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                             | 12           | 17,766                      | 10,769                      |

These financial statements were approved by the Board of Directors on **23RD SEPTEMBER 2011**



N D James  
Director

**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2010**

**1 ACCOUNTING POLICIES**

**a Basis of Preparation of Financial statements**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards on a going concern basis

The company is exempt from the requirements of FRS8 to report transactions with group companies and exempt from the requirements of FRS1 to prepare a cashflow statement as it is a wholly owned subsidiary of BNP Paribas SA whose consolidated financial statements are available to the public

**b. Gross Profit**

Gross profit comprises interest charges, finance income on leases and hire purchase agreements, operating lease rental income and depreciation charges and commission receivable during the period less interest payable and similar charges

Gross profit is apportioned over the life of agreements to give a constant periodic rate of return on the net investments in those agreements

**c Finance Leases and Hire Purchase Agreements**

The company's net investment in finance leases and hire purchase agreements is included in the balance sheet at the gross amount of minimum future receivables, less gross earnings allocated to future periods and specific bad debt provisions

**d Deferred Taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at future dates, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise where the recognition and measurement of items of income and expenditure in taxation computations, in accordance with taxation legislation, differs from UK GAAP. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted

**e Depreciation of Tangible Fixed Assets**

Operating lease assets are depreciated over the life of the lease agreement to anticipated residual value at the end of the agreements. The basis for calculating depreciation is as per note 1b

**2 LEASING ACTIVITY RENTAL INCOME**

Interest receivable includes aggregate lease and hire purchase rentals receivable of £160,718,000 (2009 £149,988,165). Of this amount, £132,608,622 (2009 £119,206,481) was derived from operating lease

Interest earned on leasing activities includes a charge of £68,520,041 (2009 £62,505,609) being depreciation in respect of operating lease assets (note 6)

**3 INTEREST PAYABLE**

|  | <b>2010</b>         | <b>2009</b>         |
|--|---------------------|---------------------|
|  | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| Interest payable to group undertakings       | 16,232              | 18,326              |
| Other interest payable to group undertakings | 195                 | 546                 |
| Other interest (receivable)/payable          | (192)               | 100                 |
|  | <hr/>               | <hr/>               |
|  | <b>16,235</b>       | <b>18,972</b>       |
|  | <hr/>               | <hr/>               |

**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 DECEMBER 2010**

(Continued)

**4 ADMINISTRATIVE EXPENSES**

A management charge of £3,151,000 (2009 £3,137,579) is payable to BNP Paribas Lease Group for the provision of administration services

Auditors remuneration for the period amounts to £16,248 (2009 £16,249) and is for audit work only

The Directors receive no remuneration for their role as directors of the company

**5 TAXATION**

|   | <b><u>2010</u></b>  | <b><u>2009</u></b>  |
|---|---------------------|---------------------|
|   | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| <b>a) Analysis of charge in period</b>                    |                     |                     |
| Current Tax (see note b below)                            |                     |                     |
| UK Corporation tax on profits of the period               | 1,335               | (14,368)            |
| UK Corporation tax adjustment in respect of prior periods | (18)                | 1,693               |
|   | <u>1,317</u>        | <u>(12,675)</u>     |
| Deferred Tax (see note 10)                                |                     |                     |
| Effect of change in tax rate                              | (769)               | (192)               |
| Origination and reversal of timing differences            | 1,090               | 16,338              |
| Adjustments to tax charge in respect of prior periods     | 18                  | (1,693)             |
| Adjustments re deferred tax                               | (762)               | -                   |
|   | <u>(423)</u>        | <u>14,453</u>       |
|   | <u><u>894</u></u>   | <u><u>1,778</u></u> |

**b) Factors affecting tax charge for period**

The tax assessed for the period is different to the standard rate of corporation tax in the UK

The differences are explained below

|  | <b><u>2010</u></b>  | <b><u>2009</u></b>     |
|--|---------------------|------------------------|
|  | <b><u>£'000</u></b> | <b><u>£'000</u></b>    |
| Profit on ordinary activities before tax   | 7,891               | 5,773                  |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28.0% (2008 28.5%) | 2,209               | 1,616                  |
| Non deductible expenditure   | 216                 | 354                    |
| Depreciation for the period in excess of capital allowances  | (1,090)             | (16,338)               |
| Adjustments to tax charge in respect of prior periods  | (18)                | 1,693                  |
| Current tax charge for the period  | <u><u>1,317</u></u> | <u><u>(12,675)</u></u> |



**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2010**

(Continued)

**6 OPERATING LEASE ASSETS**

|                              | <b>2010</b>         |
|------------------------------|---------------------|
|                              | <b><u>£'000</u></b> |
| <b><u>Cost</u></b>           |                     |
| At 1 January                 | 331,076             |
| Additions                    | 99,096              |
| Disposals                    | (65,290)            |
|                              | <u>          </u>   |
| At 31 December               | <b>364,882</b>      |
|                              | <u>          </u>   |
| <b><u>Depreciation</u></b>   |                     |
| At 1 January                 | (89,747)            |
| Charge for the year          | (68,520)            |
| Disposals                    | 38,784              |
|                              | <u>          </u>   |
| At 31 December               | <b>(119,483)</b>    |
|                              | <u>          </u>   |
| <b><u>Net Book Value</u></b> |                     |
| At 1 January                 | 241,329             |
|                              | <u>          </u>   |
| At 31 December               | <b>245,399</b>      |
|                              | <u>          </u>   |

**7 DEBTORS**

|  | <b>2010</b>          |                     | <b>2009</b>          |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | <b>Receivable</b>    | <b>Receivable</b>   | <b>Receivable</b>    | <b>Receivable</b>   |
|  | <b>within 1 year</b> | <b>after 1 year</b> | <b>within 1 year</b> | <b>after 1 year</b> |
|  | <b><u>£'000</u></b>  | <b><u>£'000</u></b> | <b><u>£'000</u></b>  | <b><u>£'000</u></b> |
| Net investment in leases                   | 40,343               | 69,826              | 38,684               | 68,524              |
| Net investment in hire purchase agreements | 489                  | 409                 | 815                  | 893                 |
| Fixed term advances to customers           | 4,998                | 2,264               | 6,943                | 8,171               |
| Other debtors                              | 10,990               | -                   | 17,383               | -                   |
|  | <u>          </u>    | <u>          </u>   | <u>          </u>    | <u>          </u>   |
|  | <b>56,820</b>        | <b>72,499</b>       | <b>63,825</b>        | <b>77,588</b>       |
|  | <u>          </u>    | <u>          </u>   | <u>          </u>    | <u>          </u>   |

The cost of assets acquired in the year for onwads hire purchase was £28,847 (2009 £178,800)

The cost of assets acquired in the year to let under finance leases was £54,711,122 (2009 £38,190,142)

**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2010**  
(Continued)

**8 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                       | <b>2010</b>         | <b>2009</b>         |
|---------------------------------------|---------------------|---------------------|
|                                       | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| Other creditors                       | 3,447               | 5,114               |
| Finance lease owed to group companies | 374                 | 7,189               |
| Amounts owed to group companies       | 341,377             | 344,707             |
| Bank Loans and Overdrafts             | 52                  |                     |
| Taxation                              | 1,336               | 3,663               |
|                                       | <u>346,586</u>      | <u>360,673</u>      |

Bank loans and overdrafts are part of a facility to the company and its fellow subsidiaries. Interest is payable at commercial rates on the overall group position.

**9 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|  | <b>2010</b>         | <b>2009</b>         |
|--|---------------------|---------------------|
|  | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| Finance lease owed to group companies, falling due between one and two years | 369                 | 431                 |
| between two and five years   | -                   | 449                 |
|  | <u>369</u>          | <u>880</u>          |

**10 PROVISIONS FOR LIABILITIES AND CHARGES**

**Deferred taxation**

|  | <b>2010</b>         | <b>2009</b>         |
|--|---------------------|---------------------|
|  | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| Capital allowance timing differences       | (9,997)             | (10,420)            |
|  | <u>          </u>   | <u>          </u>   |
| The movement in deferred tax is as follows |                     |                     |
|  | <b>2010</b>         | <b>2009</b>         |
|  | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| Balance at 1 January                       | (10,420)            | 4,033               |
| (Credit)/Charge for the year (Note 5)      | 423                 | (14,453)            |
|  | <u>          </u>   | <u>          </u>   |
| Balance at 31 December                     | (9,997)             | (10,420)            |
|  | <u>          </u>   | <u>          </u>   |

**BNP PARIBAS LEASE GROUP (RENTALS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 DECEMBER 2010**

(Continued)

**11 SHARE CAPITAL**

100 shares are allotted, issued and fully paid up at 31 December 2010 and 31 December 2009

**12 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

|                            | <b>2010</b>         | <b>2009</b>         |
|----------------------------|---------------------|---------------------|
|                            | <b><u>£'000</u></b> | <b><u>£'000</u></b> |
| At the start of the period | <b>10,769</b>       | <b>6,774</b>        |
| Profit for the period      | <b>6,997</b>        | <b>3,995</b>        |
|                            | <hr/>               | <hr/>               |
| At the end of the period   | <b>17,766</b>       | <b>10,769</b>       |
|                            | <hr/>               | <hr/>               |

**13 ULTIMATE PARENT COMPANY**

The immediate holding company is HFGL Limited which is incorporated in Great Britain and registered in England and Wales

The ultimate parent company is BNP Paribas SA which is registered in France

The smallest and largest group in which the results of the group are consolidated is that headed by BNP Paribas SA which is registered in France. The consolidated financial statements of BNP Paribas SA are available to the public and may be obtained from 16 Boulevard des Italiens, 75009, Paris, France