MANITOU FINANCE LIMITED

ANNUAL REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

REGISTERED NUMBER: 02308212

INDEX

STRATEGIC REPORT	3
DIRECTORS' REPORT	8
STATEMENT OF DIRECTORS' RESPONSIBILITIES	10
INDEPENDENT AUDITOR'S REPORT	11
STATEMENT OF COMPREHENSIVE INCOME	14
STATEMENT OF FINANCIAL POSITION	15
STATEMENT OF CHANGES IN EQUITY	16
STATEMENT OF CASH FLOWS	17
NOTES TO THE ACCOUNTS	18

MANITOU FINANCE LIMITED
COMPANY NUMBER 2308212

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL ACTIVITIES

The Company is a joint operation established between BNP Paribas Lease Group SA (51%) and Manitou BF SA (49%). The principal activities of the Company comprise the provision of finance by way of hire purchase, leasing, loans and stocking to customers of the Manitou group's UK dealer network. The Company's assets under management have decreased due to a decrease in the number of transactions set to live.

BUSINESS REVIEW

The results of the Company for the period to 31 December 2021 are stated in the Statement of Comprehensive Income on page 14 and show a profit before tax of £2,747k (2020: Profit of £2,693k) and a profit after tax of £2,259k (2020: profit of £2,233k). The Company has net assets of £11,770k (2020: £14,511k).

KEY PERFORMANCE INDICATORS

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

	2021	2020
Profit Before Tax /Assets	2.27%	2.46%
Net Interest Income / Income Generating Assets	3.15%	3.21%
Equity Asset Ratio	9.71%	13.26%
Average Income Generating Assets	£115,343,000	£121,916,000
New Business Volumes	£78,626,855	£39,240,000

Net Interest Income ratio has decreased due to a decrease in the level of Average Income Generating Assets.

The Equity Asset Ratio has decreased as a result of the increase in total assets.

FUTURE OUTLOOK

The Company expects to maintain business at current levels, however the global shortage in product components is causing a delay in the build and delivery of new equipment to dealers which is expected to last through to 2023.

The Directors' views on the impact of Brexit are disclosed on page 9 and the invasion of Ukraine by Russia on Page 40.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Interest rate and liquidity risk

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

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

Credit risk

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

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

Bad debt risk

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

Loan to value risk

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

Section 172 Statement

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

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

The directors of the Company are well aware of their duty under section 172 of the Act. The purpose of this statement is to describe how the directors of the Company have had regard to the matters noted above when performing their duty in the year to 31 December 2021.

The Company's Stakeholders

The Company is a joint venture operation established between BNP Paribas Lease Group SA (51% shareholder) and Manitou BF SA (49% shareholder), and there is a formal joint venture agreement (the **Joint Venture Agreement**) in place between the two shareholders. The principal activities of the Company relate to the provision of finance by way of hire purchase, leasing, loans and stocking to its customers, being customers of the Manitou group's UK dealer network. The Company sources its funding from within the BNP Paribas group. The Company provides asset finance in volumes and at rates that enables it to provide competitive equipment finance products in the real economy, meeting the needs of Manitou business customers in the construction, agriculture or logistics markets. To facilitate its activities, the Company is provided with management services and systems of connected company BNP Paribas Leasing Solutions Limited (**BNPPLS**), for which it pays a management fee. The Company operates ethically in a regulated environment. To achieve all this it requires a skilled and motivated workforce and the support of its shareholders.

The directors of the Company recognise the importance of engaging effectively with the Company's stakeholders. 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 with BNPP SA and engages with its funder through normal group communication protocols.
Customers	The Company's customers are those businesses to which it provides asset finance by means of hire purchase, leasing and loans.	Once the customers are introduced via approved equipment dealerships, credit and underwriting checks are carried out and if approved, the Company provides finance to the customer in order to finance the equipment. Finance terms are documented under the relevant lease, hire purchase agreement and (to a lesser extent) loan/ credit agreements, the Company engages with the customer under the terms of the relevant agreement.
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 registered with and regulated by the Financial Conduct Authority (**FCA**).	The Company is authorised and regulated by the FCA as it is a provider of "consumer finance" including Consumer Credit Act regulated agreements, albeit always in accordance with the Company's business to business model. The Company's senior management were enrolled on the FCA's Senior Managers and Certification Regime (SM&CR) in December 2019.
Compliance	BNPPLS provides the Company with independent Compliance, Legal and Risk services with reporting direct to BNPPLS group control 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)	BNPPLS is a member of the FLA, an established UK trade body in the asset finance sector, and represents the interests of the Company through this forum.	BNPPLS attends FLA committees, including regulatory reform and legal committees, and pursues its asset financer business in accordance with the FLA's Business Finance Code (which can be downloaded from here: https://www.fla.org.uk/business-information/documents/fla-business-finance-code/).
Shareholders	The Company's shareholders are BNP Paribas Lease Group SA and Manitou BF SA. The Company engages with its shareholders and through the Manitou BF SA dealer network. This is crucial in order to support the purpose of the joint venture i.e. to provide the retail finance services of equipment manufactured by the Manitou BF SA group.	The Company engages with its shareholders in accordance with the terms of the Joint Venture Agreement.

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

The Company's key decisions in the year to 31 December 2021 related to achieving its objective to maintain its business at the same level as the previous financial year. This objective was considered by the directors to be likely to promote the success of the Company for the benefit of its members as a whole, particularly having regard to the joint venture nature of the Company's operations. In their decision-making, the directors of the Company had regard to their duty under section 172 of the Act, including the considerations noted above, and engaged with stakeholders using the methods described above.

The Company's key decisions in the year included:

- in the context of customer requirements and market expectations, the amount of financial resource required from its funder to service customers and that market at competitive rates. In making this decision, the directors had regard to the anticipated demand for the Company's products and services, the pricing in the market and the need to produce an appropriate return on borrowed funds;
- a decision as to those areas of the market in which it could deliver appropriate products and customer service, and the partnerships which would assist it to do so. In making this decision, the Company had regard to the needs of its customers and the market, and the sector-specific skills of its workforce, in addition to the long-term sustainability of its business in the market in which it operates; 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 regulators.

Dividends

The decision as to whether or not to pay a dividend is made in accordance with the dividend policy agreed as part of the Joint Venture Agreement and whether it would continue as a going concern.

Culture

The Company and the BNP Paribas group are committed to their roles as responsible funders. The BNP Paribas group has adopted four pillars in its approach to its responsibility - financing the economy in an ethical manner; developing and engaging its people responsibly; being a positive agent for change in its markets; and adopting a responsible approach to the environment. The Company, as a member of the BNP Paribas group, conducts its business in a manner which reflects these commitments. The directors adhere to these commitments in their decision making. In addition, as a joint venture operation, the Company has regard to the cultural approach of its joint venture partner.

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 funder. As a member of the BNP Paribas group, the Company shares this commitment. In particular, the BNP Paribas group is helping to achieve the 17 United Nations Sustainable Development Goals (SDGs). In addition, as a joint venture operation, the Company has regard to the approach to community and environment of its joint venture partner.

Website publication

This statement is available to read and download at the below URL:

http://www.manitoufinance.co.uk/legal-privacy/

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

Mark Richards
Mark Richards (Apr 25, 2022 16:54 GMT+1)

M. Richards
Director

25 April 2022

Registered Office Address:
34 Blackmoor Road
Ebblake Industrial Estate
Verwood
Dorset
BH31 6BB

MANITOU FINANCE LIMITED
COMPANY NUMBER 2308212

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

RESULTS AND DIVIDENDS

The results of the company for the period to 31 December 2021 are stated in the Statement of Comprehensive Income on page 14 and show a profit before tax of £2,747k (2020: Profit of £2,693k).

A dividend of £5,000k was paid during the year (2020: £-k). Further information can be found in note 11 to the financial statements.

SHARE CAPITAL

The issued share capital is £7,270,000. There was no movement in the share capital during the year. Further details are shown in Note 17 to the financial statements.

DIRECTORS

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

P Smyth
G Himsworth
M. Richards
G Marello - Appointed 18th November 2021
J. M. Boyer - Resigned 04th February 2022
C Ashfield - Appointed 04th February 2022

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.

MANITOU FINANCE LIMITED
COMPANY NUMBER 2308212

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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 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.

MANITOU FINANCE LIMITED
COMPANY NUMBER 2308212

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

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. 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.

Mark Richards
Mark Richards (Apr 25, 2022 16:54 GMT+1)

M. Richards
Director

25 April 2022

Registered Office Address:
34 Blackmoor Road
Ebblake Industrial Estate
Verwood
Dorset
BH31 6BB

MANITOU FINANCE LIMITED
COMPANY NUMBER 2308212

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MANITOU FINANCE LIMITED

Opinion

We have audited the financial statements of Manitou Finance Limited for the year ended 31 December 2021 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 UK-adopted international accounting standards.

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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards;
- have been prepared in accornance 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 annual report, 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 in relation to which 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.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the 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.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to expected credit losses, defined benefit plan liabilities, revenue recognition and significant one-off or unusual transactions.

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 (Apr 25, 2022 08:33 GMT+1)

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

25 April 2022

MANITOU FINANCE LIMITED
COMPANY NUMBER 2308212

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020	
CONTINUING OPERATIONS	Notes	**£'000**	**£'000**	£'000	£'000
REVENUE					
Interest Income	2	**4,968**		5,611	
Fee Income	3	**701**		588	
Other Income	4	**181**		106	
TOTAL INCOME			**5,850**		6,305
Interest Expense	5	**(1,332)**		(1,697)	
Cost from Operations	6	**(144)**		(94)	
Movement on Bad Debt Impairment	7	**109**		(71)	
Administrative Expenses	8	**(1,736)**		(1,750)	
			(3,103)		(3,612)
PROFIT BEFORE TAX			**2,747**		2,693
Tax Expense	10		**(488)**		(460)
PROFIT FOR THE YEAR Attributable to Equity Holders			**2,259**		2,233
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR			**-**		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			**2,259**		2,233

The accompanying notes on pages 18 to 40 are an integral part of this statement.

MANITOU FINANCE LIMITED
COMPANY NUMBER 2308212

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020	
ASSETS	Notes	**£'000**	**£'000**	£'000	£'000
Non Current Assets					
Finance Lease Receivables	12	**6,714**		9,233	
Amounts due from Hire Purchase Agreements	14	**54,332**		46,014	
Deferred Tax Assets	18	**240**		261	
Total Non Current Assets			**61,286**		55,508
Current Assets					
Cash and Cash Equivalents	15	**9,601**		9,454	
Other Receivables	16	**1,412**		1,473	
Loans due from Customers	13	**4,579**		5,495	
Amounts due from Hire Purchase Agreements	14	**38,925**		31,482	
Finance Lease Receivables	12	**5,422**		6,051	
Total Current Assets			**59,939**		53,955
TOTAL ASSETS			**121,225**		109,463
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	17	**7,270**		7,270	
Retained Earnings		**4,500**		7,241	
TOTAL EQUITY			**11,770**		14,511
Non Current Liabilities					
Amounts due to Group Undertakings	19	**58,487**		46,453	
Total Non Current Liabilities			**58,487**		46,453
Current Liabilities					
Amounts due to Group Undertakings	19	**49,171**		45,778	
Other Payables	20	**1,797**		2,721	
Total Current Liabilities			**50,968**		48,499
Total Liabilities			**109,455**		94,952
TOTAL EQUITY AND LIABILITIES			**121,225**		109,463

The accompanying notes on pages 18 to 40 are an integral part of this statement.

These financial statements were approved by the Board of Directors on 25 April 2022 and signed on its behalf.

Mark Richards

M. Richards
Director

MANITOU FINANCE LIMITED
COMPANY NUMBER 2308212

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Ordinary Shares £'000	Retained Earnings £'000	Total £'000
Opening balance sheet as at 1 January 2020		7,270	5,008	12,278
		7,270	5,008	12,278
Profit for the year		-	2,233	2,233
Total Comprehensive Income for the year		-	2,233	2,233
Transactions with owners: Dividends paid for the year	11	-	-	-
Opening balance sheet as at 1 January 2021		**7,270**	**7,241**	**14,511**
Profit for the year		-	**2,259**	**2,259**
Total Comprehensive Income for the year		-	**2,259**	**2,259**
Transactions with owners: Dividends Paid for the year	11		**(5,000)**	**(5,000)**
Equity as at 31 December 2021		**7,270**	**4,500**	**11,770**

The accompanying notes on pages 18 to 40 are an integral part of this statement.

MANITOU FINANCE LIMITED
COMPANY NUMBER 2308212

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before Taxation		2,747		2,693	
Adjustments for:					
Impairment Losses		(109)		71	
			2,638		2,764
Movements in working capital					
Decrease in Finance Lease Receivables		3,257		2,682	
Decrease in Loans Due from Customers		916		13,247	
(Increase)/Decrease in Amounts due from Hire Purchase agreements		(15,762)		11,897	
Decrease in Other Receivables		18		2,552	
Decrease in Trade and other payables		(923)		(1,553)	
Cash flow from operating activities before tax		(12,494)		28,825	
Corporation Tax Paid		(425)		(810)	
			(12,919)		28,015
Net cash flow from operating activities			(10,281)		30,779
CASH FLOW FROM FINANCING ACTIVITIES					
Dividends paid		(5,000)		-	
Increase/(Decrease) in borrowings from Group Undertakings		15,427		(24,515)	
Net cash flow from financing activities			10,427		(24,515)
Increase in cash and cash equivalents			147		6,264
Cash and cash equivalents at the start of the year	15		9,454		3,190
Cash and cash equivalents at the end of the year	15		9,601		9,454

The accompanying notes on pages 18 to 40 are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Manitou Finance Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is 34 Blackmoor Road, Ebblake Industrial Estate, Verwood, Dorset, BH31 6BB.

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

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) in conformity with 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.

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, 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.

Fees and other income

Other fees and income including administration fees and management fees are recognised in accrodance with IFRS 15 being 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)

As of 1 January 2019, the company applied the new accounting standard IFRS 16, however there are no contracts currently identified as an operating lease, the impact is immaterial.

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.

Cash and Cash Equivalents

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

Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 Continued

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 SA, which is registered in France. 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.

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 23)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 Continued

Standards, amendments and interpretations adopted during the year

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

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

IFRS 4 Insurance contracts, Amendments to extend the temporary exemption from applying IFRS 9 to 1 January 2023- Effective 1 January 2021

IFRS 16 Leases, Amendment in relation to Covid-19 related rent concessions beyond 30 June 2021- Effective 1 April 2021

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.

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 and IFRS Practice statement 2 Making Material Judgements, Amendments in relation to the disclosure of accounting policies -Effective 1 January 2023

IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts - Effective 1 January 2023

IAS 8 Accounting Policies, change in accounting estimates and errors, Amendments in relation to the definition of accounting estimates – Effective 1 January 2023

IAS 12 Income Taxes, Amendments in relation to deferred tax related to assets and liabilities arising from a single transaction

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

2. INTEREST INCOME

	2021 £'000	2020 £'000
Interest Income from Loans	**68**	245
Interest Income from Hire Purchase	**4,205**	4,369
Interest Income from Finance Lease	**716**	1,006
Interest Income from Group Undertakings (see note 21)	**-**	13
Amortised Commissions and Origination Fees	**(21)**	(22)
	4,968	5,611

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

3. FEE INCOME

	2021 £'000	2020 £'000
Administration fees	**691**	544
Fees on Default	**10**	44
	701	588

4. OTHER INCOME

	2021 £'000	*Restated 2020 £'000
Bank Levy	**181**	106
	181	106

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.

As a result of over-accruals in respect of previous years, the Bank Levy is an income in both the current and prior year.

5. INTEREST EXPENSE

	2021 £'000	2020 £'000
Interest Expense to Group Undertaking (see note 21)	**(1,333)**	(1,697)
Late Payment Interest	**1**	-
	(1,332)	(1,697)

Interest payable to group undertakings is payable on loans advanced by related parties in the BNP Paribas Group (Note 21).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 Continued

6. COSTS FROM OPERATIONS

	2021 £'000	2020 £'000
Foreign Exchange Loss/Gain	**(14)**	2
Other operating costs	**(130)**	(96)
	(144)	(94)

7. IMPAIRMENT GAINS AND LOSSES

	2021 £'000	2020 £'000
Provision Movement (see note 23)	**172**	6
Cost of Write Off Net of Provision Releases	**(63)**	(77)
	109	(71)

8. ADMINISTRATION EXPENSES

	2021 £'000	*Restated 2020 £'000
Professional Costs	**(18)**	(20)
Management Charges	**(1,531)**	(1,550)
Other administration costs	**(187)**	(180)
	(1,736)	(1,750)

Emoluments of Directors

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

9. AUDITOR'S REMUNERATION

The following is included within professional costs in administration expenses:

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the Company	**(6)**	(6)

10. TAXATION

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

	2021 £'000	2020 £'000
Current Tax		
UK Corporation tax on profits of the current year	**(467)**	(449)
Adjustments in respect of prior years	**-**	2
Current Tax Charge	**(467)**	(447)
Deferred Tax		
Current Year	**(21)**	(11)
Adjustments in respect of prior years	**-**	(2)
Deferred Tax Charge (see note 18)	**(21)**	(13)
Total Tax Charge for the year	**(488)**	(460)

Corporation Tax is calculated at 19% (2020: 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:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	**(2,747)**	(2,693)
Tax credit at the UK standard rate of Corporation Tax of 19% (2020: 19%)	**(522)**	(512)
Tax effect of expenses that are not deductible	**34**	20
Adjustment to deferred tax due to rate change	**-**	32
Total Tax Charge for the year	**(488)**	(460)

11. DIVIDENDS

	2021 £'000	2020 £'000
Current Year Final Dividend - £0.69 pence (2020: -pence) per share	(5,000)	-
	(5,000)	-

12. FINANCE LEASE RECEIVABLES

	2021 £'000	2020 £'000
Finance Lease receivables	**12,295**	15,443
Impairment of finance lease receivables	**(159)**	(159)
Total of Finance Lease receivables due from customers net of impairment provisions	**12,136**	15,284

	2021 £'000	2020 £'000
Finance Lease Receivables		
Gross Investment	**13,057**	16,497
Gross Receivable within 1 year	**5,990**	6,620
Gross Receivable between 1 and 5 years	**6,921**	9,572
Gross Receivable after 5 years	**146**	305
Unearned Interest Income	**(762)**	(1,054)
Net Investment before impairment provisions	**12,295**	15,443
Net Receivable within 1 year	**5,581**	6,210
Net Receivable between 1 and 5 years	**6,582**	9,111
Net Receivable after 5 years	**132**	122
	12,295	15,443
Impairment Provisions	**(159)**	(159)
	12,136	15,284

The cost of the assets acquired during the year for onwards finance leasing was £4,035k (2020: £3,696k).

Included within the net investment above is £245k (2020: £346k) which relates to the unguaranteed residual value receivable from leased assets.

The below table represents the movement in Impairment Provisions in the year by stage:

	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	15,432	799	266	16,497	(20)	(30)	(109)	(159)
New into Stage 1	368	-	-	368	(1)	-	-	(1)
New into Stage 2	-	124	-	124	-	-	-	-
New into Stage 3	-	-	124	124	-	-	(56)	(56)
From Stage 1 to Stage 2	(282)	235	-	(47)	-	(2)	-	(2)
From Stage 2 to Stage 1	316	(356)	-	(40)	(3)	5	-	2
From Stage 2 to Stage 3	-	(49)	61	12	-	2	(23)	(21)
From Stage 3 to Stage 1	633	-	-	633	(3)			(3)
Remeasurements within existing stage	(3,121)	(56)	69	(3,108)	10	11	(14)	7
Exits from Stage 1	(1,262)	-	-	(1,262)	4	-	-	4
Exits from Stage 2	-	(52)	-	(52)	-	-	-	-
Exits from Stage 3	-	-	(192)	(192)	-	-	70	70
	12,084	645	328	13,057	(13)	(14)	(132)	(159)

As illustrated in the table above
Gross carrying amount has decreased by £3.4m which can be summarised as the movement between the reduction in remeasurement and write off's of £4.6m compared to the increase in the new exposures and transfers between stages of £1.2m. In terms of expected credit loss this impairment provision is consistent year on year.

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. from a stage include write-offs.

13. LOANS DUE FROM CUSTOMERS

	2021 £'000	2020 £'000
Loans due from Customers before impairment	**4,579**	5,495
Loans due from customers net of impairment provisions	**4,579**	5,495
Loans due from Customers within 1 year	**4,579**	5,495
Total Loans due from Customers before impairment	**4,579**	5,495

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

	Gross carrying amount		Allowance for ECL			
	Stage 1 £'000	**Total £'000**	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
At 1 January	**5,495**	**5,495**	-	-	-	-
Remeasurements within existing stage	**(916)**	**(916)**	-	-	-	-
	4,579	**4,579**	-	-	-	-

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.

14. AMOUNTS DUE FROM HIRE PURCHASE AGREEMENTS

	2021 £'000	2020 £'000
Amounts due from hire purchase agreements before impairment	**93,710**	78,029
Impairment of hire purchase agreements	**(453)**	(533)
Amounts due from hire purchase agreements net of impairment provisions	**93,257**	77,496

	2021 £'000	2020 £'000
Amounts due from hire purchase agreements		
Gross Receivables	**99,845**	83,471
Gross Receivable within 1 year	**42,494**	34,874
Gross Receivable between 1 and 5 years	**57,043**	48,310
Gross Receivable after 5 years	**308**	287
Unearned Interest Income	**(6,135)**	(5,442)
Net Investment before impairment provisions	**93,710**	78,029
Net Receivable within 1 year	**39,378**	32,015
Net Receivable between 1 and 5 years	**54,032**	45,734
Net Receivable after 5 years	**300**	280
	93,710	78,029
Impairment Provisions	**(453)**	(533)
	93,257	77,496

The cost of the assets acquired during the year for use in hire purchase agreements was £74,592k (2020: £35,544k)

The below table represents the movement in Impairment Provisions in the year by stage:

	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	79,187	3,466	818	83,471	(347)	(51)	(135)	(533)
New into Stage 1	49,802	-	-	49,802	(215)	-	-	(215)
New into Stage 2	-	483	-	483	-	(4)	-	(4)
New into Stage 3	-	-	106	106	-	-	(16)	(16)
From Stage 1 to Stage 2	(678)	371	-	(307)	1	(4)	-	(3)
From Stage 1 to Stage 3	(85)	-	34	(51)	-	-	(10)	(10)
From Stage 2 to Stage 1	521	(818)	-	(297)	(1)	8	-	7
From Stage 2 to Stage 3	-	(9)	-	(9)	-	-	-	-
From Stage 3 to Stage 1	2,713		(46)	2667	(8)	-	10	2
From Stage 3 to Stage 2		183	(31)	152		(1)	9	8
Remeasurements within existing stage	(22,493)	(619)	(15)	(23,127)	108	22	9	139
Exits from Stage 1	(11,786)	-	-	(11,786)	101	-	-	101
Exits from Stage 2	-	(624)	-	(624)	-	8	-	8
Exits from Stage 3	-	-	(635)	(635)	-	-	63	63
	97,181	2,433	231	99,845	(361)	(22)	(70)	(453)

As illustrated in the table above
Gross carrying amount has Increased by £16.3m which can be summarised as the movement between the reduction in remeasurement and write off's of £36.1m compared to the increase in the new exposures and transfers between stages of £52.4m. In terms of expected credit loss there is an overall reduction in credit risk, this is in line with the reduction in the impairment provision throughout the year.

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. CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Balances held with Group bank (see note 21)	**9,601**	9,454
	9,601	9,454

16. OTHER RECEIVABLES

	2021 £'000	2020 £'000
Accrued Income and Deferred Cost	**1**	4
Trade Debtors (Stage 1)	**1,275**	1,285
Corporation tax receivable	**102**	144
Other Receivables (Stage 1)	**34**	40
	1,412	1,473

17. SHARE CAPITAL

	2021 £'000	2020 £'000
Authorised		
10,000,000 ordinary shares of £1 each	**10,000**	10,000
Allotted and fully paid		
7,270,000 ordinary shares of £1 each	**7,270**	7,270

18. DEFERRED TAXATION

Deferred tax has been provided in full at 19% (2020: 19%) as follows:

	2021	2020
	£'000	£'000
Excess of tax allowances over book depreciation	**240**	261
Deferred Taxation asset	**240**	261

The movement in deferred taxation is reconciled as follows:

	2021	2020
	£'000	£'000
Opening balance as at 1 January	**261**	274
Deferred Tax Charge	**(21)**	(13)
Closing balance as at 31 December	**240**	261

The Finance Act 2021 received Royal Assent on 10 June 2021. The main rate of corporation tax of 25% has been enacted to apply from 1 April 2023. The main rate of corporation tax of 19% continues to apply until 31 March 2023, as enacted by the Finance Act 2020.

The rate used to calculate deferred tax is the rate substantively enacted or enacted at the balance sheet date at which the various timing differences are expected to reverse. The Company expects the majority of the timing differences to reverse before 31 March 2023. The impact of the change in tax rates at 31 December 2021 has minimal impact to the deferred tax asset as at 31 December 2021.

19. AMOUNTS DUE TO GROUP UNDERTAKINGS

	Notes	2021 £'000	2020 £'000
Amount owed to Group Undertakings - current liability	21	**49,171**	**45,778**
Amount owed to Group Undertakings - non current liability	21	**58,487**	**46,453**
		107,658	**92,231**

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.

20. OTHER PAYABLES

	2021 £'000	2020 £'000
Accruals and Deferred Income	**906**	1,074
Trade Creditors	**466**	1,347
Other Payables	**425**	300
	1,797	2,721

21. RELATED PARTY TRANSACTIONS

The accounts reflect the following transactions with related parties:

	Notes	2021	2020
		£'000	£'000
BNP Paribas Leasing Solutions Luxembourg SA - Interest Payable		(10)	(47)
BNP Paribas Leasing Solutions Limited Management Charges		(1,530)	(1,550)
BNP Paribas Leasing Solutions Limited - Commissions Charges		146	148
BNP Paribas London Branch - Interest Payable		(1,323)	(1,650)
BNP Paribas London Branch - Interest Receivable		-	13
BNP Paribas London Branch - Bank Levy		(3)	106
		(2,720)	(2,980)

Amounts due to group undertakings

	Notes	£'000	£'000
BNP Paribas Leasing Solutions Limited - Current Liability		44	196
BNP Paribas Leasing Solutions Luxembourg SA -Current Liability		301	1,204
BNP Paribas Leasing Solutions Luxembourg SA - Non Current Liability		-	300
BNP Paribas London Branch - Current Liability		48,826	44,378
BNP Paribas London Branch - Non Current Liability		58,487	46,153
	19	107,658	92,231

Amounts due from group undertakings

	£'000	£'000
Balances held with Group Bank	9,601	9,454
	9,601	9,454

22. CAPITAL COMMITMENTS AND CONTINGENCIES

There were no capital commitments and contingencies at 31 December 2021 (2020: Nil)

23. 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 £121,225k (2020: £109,463k). The company has assessed this maximum exposure to credit risk at the reporting date and determined that since this arises principally from the Companies receivables from within the BNP Paribas Group, the assets held at the reporting date are stage 1 with a low probability of default as a result further analysis is not disclosed as it is not material.

General model

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

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

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

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

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

Secondly, the Expected Credit Loss (ECL) is calculated.

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

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

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 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 and forborne exposures 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 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.

23. 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 2021

	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	54,911	112	-	55,023	(29)	-	-	(29)
Medium Risk	60,342	2,672	-	63,014	(360)	(23)	-	(383)
High Risk	-	292	-	292	-	(11)	-	(11)
In Default	-	-	563	563	-	-	(203)	(203)
	115,253	**3,076**	**563**	**118,892**	**(389)**	**(34)**	**(203)**	**(626)**

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	57,450	90	-	57,540	(118)	-	-	(118)
Medium Risk	44,132	3,712	-	47,844	(354)	(53)	-	(407)
High risk	-	462	-	462	-	(27)	-	(27)
In default	-	-	1,086	1,086	-	-	(245)	(245)
	101,582	**4,264**	**1,086**	**106,932**	**(472)**	**(80)**	**(245)**	**(797)**

The year on year allowance for expected credit losses has decreased by £171k, mainly due to the decrease in Stage 1 provisions required (see notes 11, 12 and 13)

23. 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 2021

	Not past due £'000	0-29 days £'000	30-59 days £'000	60 - 89 days £'000	Over 90 days £'000	Total £'000
Finance Leases	11,324	174	130	49	618	12,295
Loans to Customers	4,579	-	-	-	-	4,579
Hire Purchase	93,149	279	61	-	221	93,710
	109,052	453	191	49	839	110,584

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	14,531	282	137	72	420	15,443
Loans to Customers	5,495	-	-	-	-	5,495
Hire Purchase	76,976	159	156	208	529	78,029
	97,002	441	293	280	949	98,967

Liquidity risk

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

Interest rate risk

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

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

Foreign Currency Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 Continued

23. 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 2021

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	Total £'000
Finance Lease Receivables	1,548	4,442	6,921	146	13,057
Loans due from Customers	4,579	-	-	-	4,579
Amounts due from Hire Purchase	14,935	27,559	57,043	308	99,845
Other Receivables	1,410	-	-	-	1,410
	22,472	32,001	63,964	454	118,892

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	1,654	4,966	9,572	305	16,497
Loans due from Customers	5,495	-	-	-	5,495
Amounts due from Hire Purchase	10,341	24,534	48,310	287	83,471
Other Receivables	1,469	-	-	-	1,469
	18,959	29,500	57,882	592	106,932

Financial Liabilities

Year Ended 31 December 2021

	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	16,382	33,778	59,026	456	109,642
Other Payables	892	-	-	-	892
	17,274	33,778	59,026	456	110,534

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	19,848	44,203	47,049	280	94,196
Other Payables	1,647	-	-	-	1,647
	21,495	27,019	47,049	280	95,842

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 Continued

23. 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 2021

Short term borrowings	2020 £'000	Cash flows £'000	Non-Cash changes £'000	2021 £'000
Share Capital and Reserves	14,511	-	(2,741)	11,770
Amounts payable to Group Undertakings	94,196	15,427	19	109,642

Year Ended 31 December 2020

Short term borrowings	2019 £'000	Cash flows £'000	Non-Cash changes £'000	2020 £'000
Share Capital and Reserves	12,277	-	2,234	14,511
Amounts payable to Group Undertakings	120,301	(24,515)	(1,602)	94,196

24. 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.

25. PARENT AND ULTIMATE CONTROLLING PARTY

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

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

26. EVENTS AFTER THE REPORTING PERIOD

On 24 February 2022 Russian Forces entered Ukraine, resulting in reactions from Western Nations including announcements of sanctions against Russia and Russian interests worldwide, and an economic ripple effect on the global economy.

The Company is evaluating the consequences of this unfolding crisis on its clients. The Company has no direct balance sheet or off-sheet commitments towards Russian or Ukrainian counterparties. This crisis did not impact the financial statements at 31 December 2021.