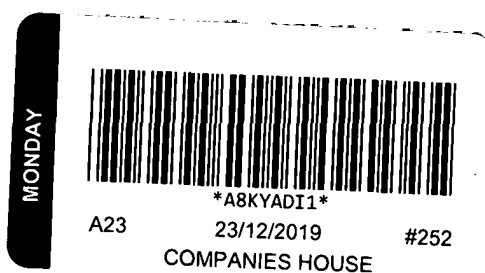


Assetfinance March (D) Limited

Registration No: 1524344

**Annual Report and Financial Statements for the year
ended 31 March 2019**



Annual Report and Financial Statements for the year ended 31 March 2019

Contents

	Page
Strategic Report	<u>1</u>
Report of the Directors	<u>2</u>
Independent Auditors' Report to the members of Assetfinance March (D) Limited	<u>4</u>
Income statement	<u>6</u>
Statement of comprehensive income	<u>6</u>
Balance sheet	<u>7</u>
Statement of cash flows	<u>8</u>
Statement of changes in equity	<u>9</u>
Notes on the financial statements	<u>10</u>

Strategic Report

Principal activities

The principal activity of Assetfinance March (D) Limited (the 'Company') is to lease assets to third party lessees for an agreed term under finance and operating lease arrangements. All of the ongoing finance lease agreements are now in the secondary lease period. The Company has not entered into any new finance leasing transactions during the current or prior year. No change in the Company's activities is anticipated.

The Company is a private limited company incorporated in the United Kingdom and registered in England and Wales.

The Company is limited by shares.

Review of the Company's business

On 1 July 2018, the intermediate parent company changed from HSBC Bank plc to HSBC UK Bank plc in order to meet the regulatory ring-fencing requirements in accordance with the UK Financial Services (Banking Reform) Act 2013 and associated secondary legislation and regulatory rules.

In the prior year and in the current year up to 30 June 2018, the Company was funded principally by another group undertaking, HSBC Asset Finance (UK) Limited, through borrowing. From 1 July 2018, as a result of the ring-fencing requirements detailed above, funding was provided by its immediate parent, HSBC Equipment Finance (UK) Limited.

Where relevant, another group undertaking, HSBC Equipment Finance (UK) Limited (prior to 1 July 2018, HSBC Asset Finance (UK) Limited), provides agency services to the Company. An appropriate management fee is charged accordingly. The services provided include seeking new business, negotiating and agreeing terms and arranging the execution of all lease documents on behalf of the Company, as well as maintaining accurate accounting and other records such as borrowing funds and settlement of all invoices relating to the services.

The Company has no employees. Services required are provided by fellow HSBC Group companies. The Company's principal stakeholder is its parent company.

Performance

The Company's results for the year under review are as detailed in the income statement shown on page 6 of these financial statements.

Key performance indicators

As the Company is managed as part of a global bank, there are no key performance indicators that are specific to the Company. The key performance indicators are included in the annual report of HSBC UK Bank plc (prior to 1 July 2018, HSBC Bank plc). Ongoing review of the performance of the Company is carried out by comparing actual performance against annually set budgets.

Principal risks and uncertainties

The principal financial risks and uncertainties facing the Company are credit risk, market risk, and liquidity risk. These risks, the exposure to such risks and management of risk are set out in Note 16 of the financial statements.

Following the referendum on 23 June 2016, the UK took the decision to leave the European Union ('EU') with the process of the UK leaving the EU commencing on 29 March 2017. The ultimate economic effect of the UK leaving the EU is currently uncertain and will depend upon the outcome of negotiations between the UK government, the EU and non-EU countries. In the meantime, this uncertainty is expected to result in volatility in respect of principal risks affecting the Company. However this is not expected to have a material impact on the results or net assets of the Company given the nature of the Company's transactions, counterparties and available security.

On behalf of the Board



M Harris
Director

20 December 2019

Registered office
1 Centenary Square
Birmingham B1 1HQ
United Kingdom

Report of the Directors

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Name	Appointed	Resigned
G Owen-Conway		10 December 2018
B Bulford		25 April 2019
M Harris		
R I McElroy		29 March 2019
J E Rao	25 April 2019	

The Articles of Association of the Company provide that in certain circumstances the Directors are entitled to be indemnified out of the assets of the Company against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the UK Companies Act 2006. Indemnity provisions of this nature have been in place during the financial year but have not been utilised by the Directors. All Directors have the benefit of Directors' and officers' liability insurance.

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 31 March 2019 (2018: nil). Dividend payments are reflected in the financial statements in the period in which they are paid.

Significant events since the end of the financial year

No significant events affecting the Company have occurred since the end of the financial year.

Future developments

No change in the Company's activities is expected.

Going concern basis

The Company had net current liabilities of £35,044,647 as at 31 March 2019. HSBC Equipment Finance (UK) Limited, the parent undertaking, has committed to ensuring the provision of sufficient funds for a period of not less than twelve months from the date of authorisation of these financial statements, to enable the Company to meet its liabilities as they fall due. Furthermore, based on the leasing arrangements held by the Company as at the year end, positive cash flows are expected to be generated for more than one year from the date of authorisation of these financial statements. As a result, the Directors have prepared these financial statements on a going concern basis.

Financial risk management

The financial risk management objectives and policies of the Company, together with an analysis of the exposure to such risks, are set out in Note 16 of the Notes on the financial statements.

Capital management

The Company is not subject to externally imposed capital requirements and is dependent on the HSBC Group to provide necessary capital resources which are therefore managed on a group basis.

The Company defines capital as total shareholders' equity. It is the HSBC Group's objective to maintain a strong capital base to support the development of its business and to meet regulatory capital requirements at all times. There were no changes to the Company's approach to capital management during the year.

Independent auditors

PricewaterhouseCoopers LLP ('PwC') is external auditor to the Company. PwC has expressed its willingness to continue in office and the Board recommends that PwC be re-appointed as the Company's auditor.

Directors' responsibility statement

The following statement, which should be read in conjunction with the auditor's statement of their responsibilities set out in their report on page 5, is made with a view to distinguish the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are responsible for preparing the *Annual Report and Financial Statements*, in accordance with applicable law and regulations. Company law requires the Directors to prepare a Strategic Report, a Report of the Directors and Financial Statements for each financial year. The Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

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 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 estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on a going concern basis unless it is not appropriate. Since the Directors are satisfied that the Company has the resources to continue in business for the foreseeable future, the financial statements continue to be prepared on a going concern basis.

The Directors have responsibility for ensuring that sufficient accounting records are kept that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

In accordance with section 418 of the Companies Act 2006, the Report of the Directors includes a statement, in the case of each Director in office as at the date the Report of the Directors is approved, that:

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

On behalf of the Board


M Harris
Director

20 December 2019

Registered office
1 Centenary Square
Birmingham B1 1HQ
United Kingdom

Independent auditors' report to the members of Assetfinance March (D) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Assetfinance March (D) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Report of the Directors for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Report of the Directors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Gethin Evans (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

23 December 2019

Financial statements

Income statement for the year ended 31 March 2019

		2019	Restated 2018
	Notes	£	£
Interest income		12,710	11,752
Interest expense		(412,370)	(397,057)
Net interest expense		(399,660)	(385,305)
Other operating income	3	5,211,452	4,616,948
Net operating income		4,811,792	4,231,643
General and administrative expenses	4	(3,407,830)	(3,761,498)
Operating profit		1,403,962	470,145
Profit before tax		1,403,962	470,145
Tax expense	8	(334,396)	(162,477)
Profit for the year		1,069,566	307,668

Statement of comprehensive income for the year ended 31 March 2019

All operations are continuing. There has been no comprehensive income or expense other than the profit for the year as shown above (2018: nil).

Assetfinance March (D) Limited

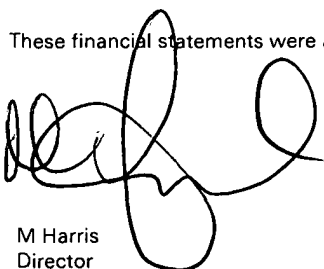
Balance sheet at 31 March 2019

Registration No: 1524344

	Notes	2019 £	2018 £
Assets			
Trade and other receivables	12	1,593,721	953,796
Property, plant and equipment	13	34,589,878	28,782,896
Deferred tax assets	9	2,438,240	1,886,833
Total assets		38,621,839	31,623,525
Liabilities and equity			
Liabilities			
Trade and other payables	14	35,683,702	29,988,929
Accruals, deferred income and other liabilities		591,258	473,416
Current tax liabilities		885,803	784,256
Total liabilities		37,160,763	31,246,601
Equity			
Called up share capital	15	2	2
Retained earnings		1,461,074	376,922
Total equity		1,461,076	376,924
Total liabilities and equity		38,621,839	31,623,525

The accompanying notes on pages 10 to 17 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 20 December 2019 and signed on its behalf by:



M Harris
Director

Statement of cash flows for the year ended 31 March 2019

	2019 £	2018 £
Cash flows from operating activities		
Profit before tax	1,403,962	470,145
Adjustments for:		
Non-cash items included in profit before tax	3,285,455	3,657,520
Change in operating assets	(639,925)	669,748
Change in operating liabilities	117,842	(53,629)
Tax paid	(784,256)	(659,822)
Net cash generated from operating activities	3,383,078	4,083,962
Cash flows from investing activities		
Purchase of property, plant and equipment	(9,077,851)	(5,632,968)
Proceeds from sale of property, plant and equipment	—	25,000
Net cash used in investing activities	(9,077,851)	(5,607,968)
Cash flows from financing activities		
Movements in inter-company funding	5,694,773	1,524,006
Net cash generated from financing activities	5,694,773	1,524,006
Net increase in cash and cash equivalents	—	—
Cash and cash equivalents brought forward	—	—
Cash and cash equivalents carried forward	—	—

Statement of changes in equity for the year ended 31 March 2019

	Called up share capital £	Retained earnings £	Total equity £
As at 31 Mar 2018	2	376,923	376,925
Impact on transition to IFRS 9	—	14,585	14,585
At 1 Apr 2019	2	391,508	391,510
Profit for the year	—	1,069,566	1,069,566
Total comprehensive income for the year	—	1,069,566	1,069,566
At 31 Mar 2019	2	1,461,074	1,461,076

	Called up share capital £	Retained earnings £	Total equity £
At 1 Apr 2017	2	69,255	69,257
Profit for the year	—	307,668	307,668
Total comprehensive income for the year	—	307,668	307,668
At 31 Mar 2018	2	376,923	376,925

Notes on the financial statements

1 Basis of preparation and significant accounting policies

The financial statements of the Company have been prepared in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards ('IFRSs'). The principal accounting policies applied in the preparation of these financial statements have been consistently applied to all of the years presented, unless otherwise stated.

1.1 Basis of preparation

(a) Compliance with International Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with IFRSs as issued by the International Accounting Standards Board ('IASB'), including interpretations issued by the IFRS Interpretations Committee, and as endorsed by the European Union ('EU').

At 31 March 2019, there were no unendorsed standards effective for the year ended 31 March 2019 affecting these financial statements, and the Company's application of IFRSs results in no differences between IFRSs as issued by the IASB and IFRSs as endorsed by the EU.

Standards adopted during the year ended 31 March 2019

The Company has adopted the requirements of IFRS 9 'Financial Instruments' from 1 April 2018. The classification and measurement and impairment requirements are applied retrospectively by adjusting the opening balance sheet at the date of initial application. As permitted by IFRS 9, the Company has not restated comparatives. Adoption increased net assets at 1 April 2018 by £14,585. Further detail on the impact on net assets following the adoption of IFRS 9 is included in Note 16.

In addition, the Company has adopted the requirements of IFRS 15 'Revenue from contracts with customers' and a number of interpretations and amendments to standards which have had an insignificant effect on the financial statements of the Company.

(b) Future accounting developments

Minor amendments to IFRSs

The IASB published a number of minor amendments to IFRSs which are effective for periods beginning on or after 1 January 2019, some of which have been endorsed for use in the EU. The Company expects they will have an insignificant effect, when adopted, on the financial statements of the Company.

Major new IFRSs

The IASB has published IFRS 16 'Leases'. IFRS 16 has been endorsed for use in the EU.

IFRS 16 'Leases'

IFRS 16 'Leases' has an effective date for annual periods beginning on or after 1 January 2019. IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 'Leases'. Lessees will recognise a right of use ('ROU') asset and a corresponding financial liability on the balance sheet. The asset will be amortised over the length of the lease, and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as under IAS 17. As the Company is in the position of lessor in all of its contracts, adoption is not expected to have a significant impact on the financial assets of the Company.

(c) Presentation of information

The functional currency of the Company is sterling, which is also the presentational currency of the financial statements of the Company.

The financial statements have been prepared on the historical cost basis.

(d) Critical accounting estimates and judgements

The preparation of financial information requires the use of estimates and judgements about future conditions. In view of the inherent uncertainties and the high level of subjectivity involved in the recognition or measurement of items, highlighted as the 'critical accounting estimates and judgements' in section 1.2 to follow, it is possible that the outcomes in the next financial year could differ from those on which management's estimates are based. This could result in materially different conclusions from those reached by management for the purposes of these financial statements.

Management's selection of the Company's accounting policies which contain critical estimates and judgements reflects the materiality of the items to which the policies are applied and the high degree of judgement and estimation uncertainty involved.

(e) Restatement of prior year balances

The Company has restated amounts reported in the Income statement in the prior year from interest income to operating income in order to conform with the presentation for the current year. The reclassification has been made by the Company as considered more appropriate and this did not have any impact on the previously reported profits or equity.

	Previously reported	Restatement	Restated
	2018	2018	2018
	£	£	£
Income statement			
Interest income	84,267	(72,515)	11,752
Other operating income	—	(72,515)	72,515

(f) Going concern

The Company had net current liabilities of £35,044,647 as at 31 March 2019. HSBC Equipment Finance (UK) Limited, the parent undertaking, has committed to ensuring the provision of sufficient funds for a period of not less than twelve months from the date of authorisation of these financial statements, to enable the Company to meet its liabilities as they fall due. Furthermore, based on the leasing arrangements held by the Company as at the year end, positive cash flows are expected to be generated for more than one year from the date of authorisation of these financial statements. As a result, the Directors have prepared these financial statements on a going concern basis.

1.2 Summary of significant accounting policies

(a) Income and expense

Interest income and expense

Interest income and expense for all financial instruments, excluding those classified as held for trading or designated at fair value are recognised in 'Interest income' and 'Interest expense' in the income statement using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses. The calculation includes all amounts paid or received by the Company that are an integral part of the effective interest rate of a financial instrument, including transaction costs and all other premiums or discounts.

Interest on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

See Note 1.2 (b) for the accounting policy for finance income or charges on finance leases.

(b) Financial instruments measured at amortised cost

Financial assets that are held to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest, are measured at amortised cost. Such financial assets include trade and other receivables.

Financial assets

These include trade and other receivables originated by the Company, not classified as held for trading or designated at fair value. They are recognised when cash is advanced to a borrower and are derecognised when either the borrower repays its obligations, or the receivables are sold or written off, or substantially all the risks and rewards of ownership are transferred. They are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method, less impairment allowance. Trade and other receivables include finance lease receivables.

Finance lease receivables

Agreements which transfer to counterparties substantially all the risks and rewards incidental to the ownership of assets are classified as finance leases. They are recorded at an amount equal to the net investment in the lease, less any impairment provisions.

The net investment in finance leases represents the sum of the minimum payments receivable (gross investment in the lease) discounted at the rate of interest implicit in the lease. Initial direct costs incurred in arranging the lease, less any fee income related to the lease, are included in the initial measurement of the net investment.

As a lessor under finance leases, the Company presents the amounts due under the leases, after deduction of unearned charges and any impairment provisions, in Trade and other receivables.

The finance income or charges on finance leases net of rebates and variations are recognised in Net interest income over the lease periods so as to give a constant rate of return.

Leases in their secondary rental period are held at nil value with income recognised at the contracted invoice date. The Directors consider these payments to represent a fee for the continued existence of the lease and therefore, as the Company has no additional performance obligations, recognise the income in full on the contracted invoice date.

All other leases are classified as operating leases. See Note 1.2 (d) for the policy relating to Property, plant and equipment.

Trade and other payables

Amounts owed to other group undertakings represent financial liabilities and are included within trade and other payables. Financial liabilities are initially measured at fair value less any transaction costs that are directly attributable to the purchase or issue. Financial liabilities are recognised when the Company becomes party to the contractual provision of the instrument. The Company derecognises the financial liability when the Company's obligations specified in the contract expire, are discharged or cancelled. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

(c) Tax

Income tax comprises current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the tax is recognised in the same statement in which the related item appears.

Current tax is the tax expected to be payable on the taxable profit for the year and on any adjustment to tax payable in respect of previous years. The Company provides for potential current tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities. Payments associated with any incremental base erosion and anti-abuse tax are reflected in tax expense in the period incurred.

Assetfinance March (D) Limited

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the balance sheet, and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax is calculated using the tax rates expected to apply in the periods as the assets will be realised or the liabilities settled.

Current and deferred tax are calculated based on tax rates and laws enacted, or substantively enacted, by the balance sheet date.

Critical accounting estimates and judgements

The recognition of a deferred tax asset relies on an assessment of the probability and sufficiency of future taxable profits, future reversals of existing taxable temporary differences and ongoing tax planning strategies. In the absence of a history of taxable profits, the most significant judgements relate to expected future profitability and to the applicability of tax planning strategies, including corporate reorganisations.

(d) Property, plant and equipment

Operating lease assets are depreciated over the period of the relevant hirer's rental contract to an estimated residual value on a straight line basis. Rental income is also reflected on a straight line basis over the relevant period of the lease.

Property, plant and equipment is subject to an impairment review if their carrying amount may not be recoverable. Impairment is calculated on the basis of current and expected future market conditions.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included within the income statement.

Fee income and commission expense are allocated over the relevant period of the lease and included within other operating income.

Critical accounting estimates and judgements

Residual values are assessed on expectations of future market value over the economic life of the assets. Valuations are assessed by an in house RICS qualified valuer accounting for industry projections. The portfolio is reviewed regularly in order to monitor market conditions and the impact this has on market values.

(e) Called up share capital

Financial instruments issued are generally classified as equity when there is no contractual obligation to transfer cash or other financial assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

(f) Statement of cash flows

The statement of cash flows has been prepared on the basis that, with the exception of tax related transactions which are classified under 'Operating activities', movements in inter-company transactions are shown under the heading of 'Financing activities'. Such movements arise ultimately from the Company's financing activities, through which the Company will acquire resources intended to generate future income and cash flows.

A group undertaking acts as a treasury function, providing funding for the Company through an inter-company account.

(g) Accounting policies applied to financial instruments prior to 1 April 2018

Impairment of trade and other receivables

Losses for impaired receivables are recognised promptly when there is objective evidence that impairment of a receivable or portfolio of receivables has occurred. Impairment allowances calculated on individual receivables or on groups of receivables assessed collectively, are recorded as charges to the income statement and are recorded against the carrying amount of impaired receivables on the balance sheet. Losses which may arise from future events are not recognised.

Impairment losses on individual receivables are calculated by discounting the expected future cash flows of a receivable, which includes expected future receipts of contractual interest, at the receivable's original effective interest rate and comparing the resultant present value with the receivable's current carrying amount. The impairment allowances on individually significant accounts are reviewed at least quarterly and more regularly when circumstances require.

Collectively assessed impairment losses are calculated on the basis of past experience, current economic conditions and other relevant factors to provide for losses not yet specifically identified.

Reversal of impairment

If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the excess is written back by reducing the receivable impairment allowance account accordingly. The write-back is recognised in the income statement.

2 Operating profit

Operating profit is stated after the following items of income:

	2019	Restated 2018
	£	£
Profit on disposal finance leases	12,710	11,752
Profit on disposal of property, plant and equipment	—	11,497

3 Other operating income

	2019	Restated 2018
	£	£
Other finance lease income	29,352	72,515
Operating lease income	5,182,100	4,544,433
Year ended 31 Mar	5,211,452	4,616,948

4 General and administrative expenses

The major components of expenses are:

	2019	2018
	£	£
Group management charges payable to another group undertaking	136,961	103,978
Depreciation charges	3,270,869	3,666,263
Other	—	(8,743)
Year ended 31 Mar	3,407,830	3,761,498

5 Employee compensation and benefits

The Company has no employees and hence no staff costs (2018: nil).

6 Directors' emoluments

None of the Directors of the Company received any emoluments in respect of their services as Directors of the Company (2018: nil). The Directors are employed by other companies within the HSBC Group and consider that their services to the Company are incidental to their other responsibilities within the HSBC Group.

7 Auditors' remuneration

Certain expenses including auditors' remuneration have been borne by a fellow group undertaking and are therefore not charged in arriving at profit before taxation. The auditors' remuneration borne on behalf of the Company amounted to £3,000 (2018: £3,000).

There were no non-audit fees incurred during the year (2018: nil).

8 Tax

Tax expense

	2019	2018
	£	£
Current tax		
- For this year	885,803	784,256
Total current tax	885,803	784,256
Deferred tax		
- Origination and reversals of temporary differences	(619,050)	(694,929)
- Effects of changes in tax rates	65,163	73,150
- Adjustments in respect of prior years	2,480	—
Total deferred tax	(551,407)	(621,779)
Year ended 31 Mar	334,396	162,477

The UK corporation tax rate applying to the Company was 19% (2018: 19%).

In the UK Budget on 8 July 2015, the UK Government proposed to reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017. Additionally in the Budget on 16 March 2016 a further rate reduction to 17% was proposed from 1 April 2020 and this was enacted in the Finance (No2) Act 2016 on 6 September 2016. This has therefore been taken into account in the calculation of the UK related deferred tax balances as these balances will materially reverse after 1 April 2020.

Tax reconciliation

	2019		2018	
	£	(%)	£	(%)
Profit before tax	1,403,962		470,145	
Tax at 19.00% (2018: 19.00%)	266,753	19.0	89,328	19.0
Adjustments in respect of previous years	2,480	0.2	—	—
Impact due to changes in tax rates	65,163	4.6	73,149	15.6
Year ended 31 Mar	334,396	23.8	162,477	34.6

9 Deferred tax assets

The following table shows the gross deferred tax assets/(liabilities) recognised in the balance sheet and the related amounts recognised in the income statement:

	Other temporary differences	
	2019	2018
	£	£
At 1 Apr	1,886,833	1,265,054
Adjustments in respect of previous year	(2,480)	—
Income statement credit	553,887	621,779
At 31 Mar	2,438,240	1,886,833

Leasing transactions temporary differences relate principally to accelerated capital allowances and depreciation.

A deferred tax asset of £2,438,240 (2018: £1,886,833) is recognised in respect of leasing transactions temporary differences. The related tax benefit is expected to be realised through the offset of losses with future taxable profits within the UK Group.

In the financial statements for the year ended 31 March 2019, deferred tax has been calculated at the corporation tax rates applicable to the financial years in which it is expected that the assets will be realised or the liabilities settled. Deferred tax assets are expected to be realised in future periods, being greater than 12 months from the balance sheet date

10 Analysis of financial assets and liabilities by measurement basis

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

	Amortised cost	Total
	£	£
At 31 Mar 2019		
Assets		
Trade and other receivables	—	—
Total financial assets	—	—
Total non-financial assets		38,621,839
Total assets		38,621,839
Liabilities		
Trade and other payables	35,683,702	35,683,702
Total financial liabilities	35,683,702	35,683,702
Total non-financial liabilities		1,477,061
Total liabilities		37,160,763

Categories of financial instruments are disclosed under IFRS 9 at 31 March 2019. These are not directly comparable with 31 March 2018, where the instruments were categorised in accordance with IAS 39.

	Financial assets and liabilities at amortised cost	Total
	£	£
At 31 Mar 2018		
Assets		
Trade and other receivables	—	—
Total financial assets	—	—
Total non-financial assets		31,623,525
Total assets		31,623,525
Liabilities		
Trade and other payables	29,988,929	29,988,929
Total financial liabilities	29,988,929	29,988,929
Total non-financial liabilities		1,257,672
Total liabilities		31,246,601

11 Fair value of financial instruments not carried at fair value

There are no material differences between the carrying value and the fair value of the financial assets and liabilities as at 31 March 2019 and 31 March 2018.

12 Trade and other receivables

	2019 £	2018 £
Other assets	68,863	74,394
Value added tax	1,524,858	879,402
At 31 Mar	1,593,721	953,796

13 Property, plant and equipment

	Vehicles	
	2019 £	2018 £
Cost		
At 1 Apr	39,495,881	33,968,914
Additions	9,077,851	5,632,968
Disposals	—	(106,001)
As at 31 Mar	48,573,732	39,495,881
Accumulated depreciation		
At 1 Apr	10,712,985	7,139,220
Charge for the year	3,270,869	3,666,263
Disposals	—	(92,498)
As at 31 Mar	13,983,854	10,712,985
Net book value		
At 1 Apr	28,782,896	26,829,694
As at 31 Mar	34,589,878	28,782,896

Future minimum lease payments receivable under non-cancellable operating leases:

	2019 £	2018 £
No later than one year	4,843,022	5,181,818
Later than one year but not later than 5 years	6,469,791	11,062,132
Later than 5 years	—	250,681
Year ended 31 Mar	11,312,813	16,494,631

The depreciation charge is included within 'General and administrative expenses' in the income statement.

As at 31 March 2019, Residual values in respect of operating leases amounted to £25,051,767 (2018: £15,713,649). On the future disposal of the assets, the effect on net income from a 1% increase or decrease in depreciation curves applied to residual values would be an increase of £343,507 (2018: £151,736) or a decrease of £343,507 (2018: £151,736).

14 Trade and other payables

	2019 £	2018 £
Amounts owed to other group undertakings	35,683,702	29,988,929
At 31 Mar	35,683,702	29,988,929

Amounts due to other group undertakings have no fixed date for repayment and are therefore technically repayable on demand.

They are accounted for as financial liabilities, measured at amortised cost and the fair value is not considered to be significantly different to the carrying value in the balance sheet as they are short term in nature.

15 Called up share capital

	2019		2018	
	Number	£	Number	£
Issued, allotted and fully paid up				
Ordinary shares of £1 each	2	2	2	2
As at 31 Mar	2	2	2	2

16 Management of financial risk

All of the Company's activities involve to varying degrees, the analysis, evaluation, acceptance and management of risks or combination of risks. The most important types of risk include financial risk, which comprises credit risk, liquidity risk and market risk. The management of financial risk and consideration of profitability, cash flows and capital resources form a key element in the Directors' assessment of the Company as a going concern.

Credit risk management

Credit risk is the risk of financial loss if a customer or counterparty of the Company fails to meet a payment obligation under a contract.

Within the overall framework of the HSBC Group policy, the Company has an established risk management process encompassing credit approvals, the control of exposures, credit policy direction to the business, and the monitoring and reporting of exposures.

The management of the Company is responsible for the quality of its credit portfolios and follows a credit process involving delegated approval authorities and credit procedures, the objective of which is to identify problem exposures in order to accelerate remedial action while building a portfolio of high quality risk assets. The Company's credit risk rating systems and processes differentiate exposures in order to highlight those with greater risk factors and higher potential severity of loss. Regular reviews are undertaken to assess and evaluate levels of risk concentration.

Maximum exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Company has no exposure to credit risk on its financial assets as finance leases held by the Company are in their secondary period and are held at nil net book value. All other assets held by the Company are out of scope for impairments as required by IFRS 9.

Impairment provisions held as at 31 March 2018 under IAS 39 related to collectively assessed allowances amounting to £14,585. These allowances were released as at 1 April 2018 as not considered to be required following the adoption of IFRS 9.

Liquidity risk management

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet obligations as they fall due or will have access to such resources only at an excessive cost. The risk arises from mismatches in the timing of cash flows.

The Company monitors its cash flow requirements on a monthly basis and will compare expected cash flow obligations with expected cash flow receipts to ensure they are appropriately aligned. In light of this the Company will borrow funds as and when required from group undertakings.

The business manages liquidity risk for the Company as described above for risks generally.

The Company's assets are funded principally by borrowings from another group undertaking, which acts as a treasury function. This funding has no fixed repayment date and therefore is technically repayable on demand. The treasury function provides funds as required to finance the leases, at the same rates that currently apply to the Company's borrowings, for the term of the leases.

The following is an analysis of undiscounted cash flows payable under various financial liabilities by remaining contractual maturities at the balance sheet date:

	On Demand £	Total £
Trade and other payables	35,683,702	35,683,702
At 31 Mar 2019	35,683,702	35,683,702
Trade and other payables	29,988,929	29,988,929
At 31 Mar 2018	29,988,929	29,988,929

Market risk management

Market risk is the risk that movements in market risk factors, including foreign exchange rates or interest rates will impact the Company's income.

The Company is not exposed to interest rate risk or foreign exchange risk on its financial assets or financial liabilities.

17 Related party transactions

Transaction with other related parties

Transactions detailed below include amounts due to other group undertakings.

	2019		2018	
	Highest balance during the year £	Balance at 31 Mar £	Highest balance during the year £	Balance at 31 Mar £
Liabilities				
Trade and other payables	35,683,811	35,683,702	29,988,936	29,988,929
			2019 £	2018 £
Income statement				
Interest expense			412,370	397,057
General and administrative expenses			136,961	103,978

Assetfinance March (D) Limited

In prior years and in the period up to 30 June 2018, the Company was funded principally by another group undertaking, HSBC Asset Finance (UK) Limited, through borrowing. From 1 July 2018, as a result of ring-fencing requirements, funding was provided by its immediate parent, HSBC Equipment Finance (UK) Limited. Consequently, the Trade and other payables balance as at 31 March 2018 relates to HSBC Asset Finance (UK) Limited and as at 31 March 2019, HSBC Equipment Finance (UK) Limited.

Interest expense and group management charges were charged by HSBC Asset Finance (UK) Limited up to 30 June 2018. From 1 July 2018, all amounts were charged by HSBC Equipment Finance (UK) Limited.

18 Parent undertakings

The ultimate parent undertaking and ultimate controlling party is HSBC Holdings plc which is the parent undertaking of the largest group to consolidate these financial statements. HSBC UK Bank plc is the parent undertaking of the smallest group to consolidate these financial statements. Prior to 1 July 2018, HSBC Bank plc was the parent undertaking of the smallest group to consolidate these financial statements.

The immediate holding company is HSBC Equipment Finance (UK) Limited. All companies are registered in England and Wales.

Copies of HSBC Holdings plc and HSBC UK Bank plc consolidated financial statements can be obtained from:

HSBC Holdings plc
8 Canada Square
London E14 5HQ
United Kingdom
www.hsbc.com

HSBC UK Bank plc
1 Centenary Square
Birmingham B1 1HQ
United Kingdom
www.hsbc.com

19 Events after the balance sheet date

There are no significant events after the balance sheet date.