

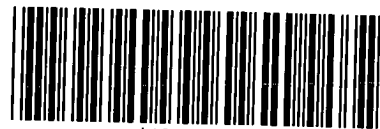
JCB FINANCE HOLDINGS LIMITED

**DIRECTOR'S REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2021

REGISTERED NUMBER: 06545359

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JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER 06545359

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2021

PRINCIPAL ACTIVITIES

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

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

BUSINESS REVIEW

The Company reported a profit after tax for the year of £9,593k (2020: loss of £496k) as shown in the statement of comprehensive income. The results for the year are considered satisfactory.

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

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

Further details regarding risk can be found in note 16.

DIRECTORS AND THEIR INTERESTS

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

D Brown	
E Desmidt	- Appointed 29 November 2021
R Gendreau	- Resigned 29 November 2021
P Lambert	
C Murat	- Resigned 29 November 2021
J Rawlings	
A Taylor	- Appointed 29 November 2021
R Winter	

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

DIVIDENDS

A dividend of £3,573,000 (2020: nil) was paid during the year.

STRATEGIC REPORT

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

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

JCB FINANCE HOLDINGS LIMITED
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AUDITORS

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

GOING CONCERN

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

DISCLOSURE OF INFORMATION TO AUDITORS

Each Director confirms that:

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

THE IMPACT OF BREXIT

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

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.

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SECTION 172 STATEMENT (continued)

The Company's Stakeholders

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

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

The directors of the Company recognise the importance of engaging effectively with the Company's stakeholders. The table below describes how the Company engages with its stakeholders:-

Stakeholder	Description of relationship	Means of engagement
Shareholders	The Company's shareholders are the joint venture partners referred to above.	The Company's ultimate parent company and the controlling party is BNP Paribas SA. The Company provides regular updates to its intermediate shareholder (BNP Paribas Lease Group SA) through board meetings, internal reports and the circulation of key documentation. The Company engages with its shareholders in accordance with the joint venture arrangements agreed between its two shareholders.
Subsidiaries	The Company is the 100% shareholder of two companies: JCB Finance Management Services Limited and JCB Finance SAS. See note 12.	The Company engages with its subsidiaries in its capacity as their shareholder.

Culture, community and environment

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

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

Key decisions for the Company have included considering and reporting on the Company's status as a going concern, in its capacity as a shareholder in its subsidiaries and with regard to payment of a dividend to its parent companies. In their decision-making, the directors of the Company have regard to their duty under section 172 of the Act, including the considerations noted above, and engage with its stakeholders using the methods described above.

Dividends

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

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER 06545359

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006 and applicable law. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS in conformity with the requirements of the Companies Act 2006 have been followed subject to any material departures disclosed and explained in the financial statements ;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business .

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

anthony taylor
anthony taylor (Apr 14, 2022 11:26 GMT+1)

A Taylor
Director

14 April 2022

Registered Office Address:
Lakeside Works
Rocester
Uttoxeter
Staffordshire
ST14 5JP

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER 06545359

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

Opinion

We have audited the financial statements of JCB Finance Holdings Limited (the 'company') 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:

- 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; and
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

JCB FINANCE HOLDINGS LIMITED
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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 Report of the Directors.

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 misstatements 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 impact on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

JCB FINANCE HOLDINGS LIMITED
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In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, and determined that the principal risks 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 revenue recognition, significant fraud risk and significant one-off or unusual transactions.

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

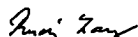
- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing 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 14, 2022 16:27 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

14 April 2022

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER 06545359

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

CONTINUING OPERATIONS	Notes	2021		2020	
		£'000	£'000	£'000	£'000
Dividend Income	2	9,585		-	
Other Income	3	10		56	
TOTAL INCOME			9,595		56
Cost from Operations	4	-		(543)	
			-		(543)
PROFIT/(LOSS) BEFORE TAX			9,595		(487)
Tax Expense	7		(2)		(9)
PROFIT/(LOSS) FOR THE YEAR					
Attributable to Equity Holders			9,593		(496)
OTHER COMPREHENSIVE INCOME FOR THE YEAR					
Revaluation of Investments	8	(5,147)		3,885	
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR			(5,147)		3,885
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			4,446		3,389

The accompanying notes on pages 14 to 27 are an integral part of this statement.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER 06545359

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2021

		2021		2020	
ASSETS	Notes	£'000	£'000	£'000	£'000
Non Current Assets					
Investments	12	16,128		21,275	
Total Non Current Assets			16,128		21,275
Current Assets					
Cash and Cash Equivalents		19,402		13,487	
Amounts due from Group Undertakings	9	615		508	
Other Receivables	10	24		18	
Total Current Assets			20,041		14,013
TOTAL ASSETS			36,169		35,288
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	13	6,168		6,168	
Share Premium		10,118		10,118	
Revaluation of Investments Reserve		(157)		4,990	
Retained Earnings		18,557		12,537	
TOTAL EQUITY			34,686		33,813
Current Liabilities					
Amounts due to Group Undertakings		355		347	
Other Payables	11	1,128		1,128	
Total Current Liabilities			1,483		1,475
TOTAL EQUITY AND LIABILITIES			36,169		35,288

The accompanying notes on pages 14 to 27 are an integral part of this statement.

These financial statements were approved by the Board of Directors on 14 April 2022 and signed on its behalf.

anthony taylor
anthony taylor (Apr 14, 2022 11:26 GMT+1)

A Taylor
Director

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER 06545359

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

	Notes	Ordinary Shares £'000	Share Premium £'000	Revaluation Reserve £'000	Retained Earnings £'000	Total £'000
Opening balance sheet as at 1 January 2020		6,168	10,118	1,105	13,033	30,424
Profit for the year		-	-	-	(496)	(496)
Net movement in respect of assets held at Fair Value through Other Comprehensive Income		-	-	3,885	-	3,885
Total Comprehensive Income for the year		-	-	3,885	(496)	3,389
Opening balance sheet as at 1 January 2021		6,168	10,118	4,990	12,537	33,813
Profit for the year		-	-	-	9,593	9,593
Net movement in respect of assets held at Fair Value through Other Comprehensive Income	8	-	-	(5,147)	-	(5,147)
Total Comprehensive Income for the year		-	-	(5,147)	9,593	4,446
Transactions with owners: Dividends paid for the year		-	-	-	(3,573)	(3,573)
Equity as at 31 December 2021		6,168	10,118	(157)	18,557	34,686

The accompanying notes on pages 14 to 27 are an integral part of this statement.

JCB FINANCE HOLDINGS LIMITED
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before Taxation		9,595	(487)
		<u>9,595</u>	<u>(487)</u>
Movements in working capital			
Increase in other payables		-	543
(Increase)/Decrease in amounts due from / payable to Group			
Undertakings		(99)	37
		<u>(99)</u>	<u>37</u>
Cash flow from operating activities before tax		<u>(99)</u>	<u>580</u>
Corporation Tax Paid		(8)	(36)
		<u>(107)</u>	<u>544</u>
Net cash flow from operating activities		<u>9,488</u>	<u>57</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(3,573)	-
		<u>(3,573)</u>	<u>-</u>
Net cash flow from financing activities		<u>(3,573)</u>	<u>-</u>
Increase in cash and cash equivalents		5,915	57
Cash and cash equivalents at the start of the year		13,487	13,430
		<u>19,402</u>	<u>13,487</u>
Cash and cash equivalents at the end of the year		<u>19,402</u>	<u>13,487</u>

The accompanying notes on pages 14 to 27 are an integral part of this statement.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER 06545359

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

JCB Finance Holdings Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is Lakeside Works, Rocester, Uttoxeter, Staffordshire, ST14 5JP. The nature of the Company's operations and its principal activities are that of a holding company. The Company is a joint operation established between BNP Paribas Lease Group Plc (50.1%) and JCB Financial Solutions UK Limited (49.9%).

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates. The Company controls two directly held subsidiaries, one in the UK and one in France, and in addition, has two branches operating in Germany and Italy.

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

1. ACCOUNTING POLICIES

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006 as applicable to companies reporting under IFRS.

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Management are not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. The financial statements have therefore been prepared on a going concern basis.

Financial Assets - Loans and Receivables

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

The impairment of loans and receivables is accounted for under IFRS 9 'Financial Instruments'. Loans and receivables comprise loans due from customers, loans due from Group Undertakings, other receivables and cash and cash equivalents. Financial assets are managed within the business model whose objective is to hold financial assets in order to collect cash flows through the collection of contractual payments over the life of the instrument.

Cash, Cash Equivalents and Financing

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

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER 06545359

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

Continued

Investments

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

Investments in entities which are controlled but not consolidated will be held at fair value through profit and loss. Changes in fair value are recognised in the profit and loss as they arise.

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

Dividend Income

Dividend Income from investments in subsidiaries is recognised when the company's right to receive payment is established.

Financial Liabilities and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

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

Dividends Paid

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

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. The liability for current tax is calculated using tax rates that have been substantively enacted by the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The tax rates used in the determination of deferred income tax are the rates which are expected to apply when the asset is realised or the liability settled, based on the tax rates that have been substantially enacted at the reporting date of that period. They are not discounted.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Group Undertakings

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

Foreign Currencies

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

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

JCB FINANCE HOLDINGS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Continued

Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

This applies to:

- The measurement of expected credit losses. This applies in particular to the assessment of significant increase in credit risk, the models and assumptions used to measure expected credit losses, the determination of the different economic scenarios and their weighting. (see note 16)
- The calculation of the fair value of Investments, in particular the assumption that the net assets represent the fair value. (see note 12)

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.

JCB FINANCE HOLDINGS LIMITED
COMPANY NUMBER 06545359

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

Continued

Standards, amendments and interpretations in issue, but not yet effective

At the date of authorisation of these financial statements the following standards, amendments and interpretations were in issue but not yet effective. These standards, amendments, and interpretations have not been adopted early and have not been applied to these financial statements.

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

The adoption of these standards, amendments and interpretations in future years are not expected to have a material impact on the Company's financial statements.

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

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2. DIVIDEND INCOME

	2021 £'000	2020 £'000
Dividend Income from Investments held at Fair Value through Profit and Loss	99	-
Dividend Income from Investments held at Fair Value through Other Comprehensive Income	9,486	-
	<u>9,585</u>	<u>-</u>

3. OTHER INCOME

	2021 £'000	2020 £'000
Interest Income	10	56
	<u>10</u>	<u>56</u>

4. COSTS FROM OPERATIONS

	2021 £'000	2020 £'000
Bank Levy	-	(543)
	<u>-</u>	<u>(543)</u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

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

6. AUDITOR'S REMUNERATION

	2021 £'000	2020 £'000
Fees payable to the Company's auditor for the audit of the Company	<u>(1)</u>	<u>(1)</u>

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

7. 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	(2)	(9)
Current Tax Charge for the year	<u>(2)</u>	<u>(9)</u>

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/(Loss) on ordinary activities before tax	9,595	(487)
Tax charge at the UK standard rate of Corporation Tax of 19% (2020: 19%)	(1,823)	92
Tax effect of income that is not taxable	1,821	-
Tax effect of expenses that are not deductible	-	(102)
Adjustments in respect of prior years	-	1
Current Tax Charge for the year	<u>(2)</u>	<u>(9)</u>

8. REVALUATION OF INVESTMENTS

	2021 £'000	2020 £'000
Movement in respect of assets held at fair value through other comprehensive income	<u>(5,147)</u>	<u>3,885</u>

9. AMOUNTS RECEIVABLE FROM GROUP UNDERTAKINGS

	2021 £'000	2020 £'000
Amounts receivable from Group Undertakings	<u>615</u>	<u>508</u>

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Continued

10. OTHER RECEIVABLES

	2021 £'000	2020 £'000
Corporation tax receivable	24	18
	<u>24</u>	<u>18</u>

11. OTHER PAYABLES

	2021 £'000	2020 £'000
Accruals and Deferred Income	1,128	1,128
	<u>1,128</u>	<u>1,128</u>

12. INVESTMENTS

	2021 £'000	2020 £'000
Investments in subsidiaries designated at FVOCI b/fwd	21,275	17,390
Fair Value Revaluation	(5,147)	3,885
	<u>16,128</u>	<u>21,275</u>

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

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

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13. SHARE CAPITAL

	2021 £'000	2020 £'000
<u>Allotted, called-up and fully paid</u>		
'A' Ordinary shares of £1 each	3,078	3,078
'B' Ordinary shares of £1 each	3,090	3,090
	<u>6,168</u>	<u>6,168</u>

'A' Shares

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

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

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

'B' Shares

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

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

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

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14. RELATED PARTY TRANSACTIONS

The accounts reflect the following transactions with related parties:

	2021	2020
	£'000	£'000
BNP Paribas London Branch - Interest Receivable	10	56
	<u>10</u>	<u>56</u>
Amounts due to group undertakings		
	£'000	£'000
BNP Paribas Leasing Solutions Limited	355	347
	<u>355</u>	<u>347</u>
Amounts due from group undertakings		
	£'000	£'000
JCB Finance Management Services Limited	615	508
BNP Paribas London Branch - Cash and Cash Equivalents	19,402	13,487
	<u>20,017</u>	<u>13,995</u>

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

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

Transactions with key management personnel

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

15. CAPITAL COMMITMENTS AND CONTINGENCIES

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

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

Continued

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit Risk
- Interest Rate Risk
- Foreign Currency Risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the 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.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company's maximum exposure to credit risk is the carrying value of the financial assets held at the reporting date, £20,041k (2020: £14,013k).

General model

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

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

- 'Stage 1' (Performing) where, at the reporting date, the credit risk represented by the facility has not increased significantly since its origination
- 'Stage 2' (Underperforming) where, at the reporting date, the credit risk represented by the facility has deteriorated significantly but the facility is not credit impaired.
- "Stage 3" (Credit Impaired) where, at the reporting date, there are potential losses.

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

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

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

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

Continued

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

Significant increase in credit risk and forward looking

Significant increase in credit risk may be assessed on an individual basis or on a collective basis (by grouping financial instruments according to common credit risk characteristics) taking into account all reasonable and supportable information and comparing the risk of default of the financial instrument at the reporting date with the risk of default of the financial instrument at the date of initial recognition.

The indicator used for assessing an 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.

Forward-looking information is considered when assessing significant increase in credit risk and when measuring expected credit losses.

The determination of significant increase in credit risk is supplemented by the consideration of more systemic forward looking factors (such as macro-economic, sectorial or geographical risk drivers) that could increase the credit risk of some exposures. These factors can lead to tighten the transfer criteria into stage 2, resulting in an increase of ECL amounts for exposures deemed vulnerable to these risk drivers.

Measurement of expected credit losses

Expected credit losses are defined as an estimate of credit losses (i.e. the present value of all cash shortfalls)

The amount of expected credit losses is measured on the basis of probability-weighted scenarios, in view of past events, current conditions and reasonable and supportable economic forecasts over the expected life of the financial instrument. They are measured on an individual basis for all exposures.

In practice, for exposures classified in stage 1 and stage 2, expected credit losses are measured as the product of the PD, LGD and EAD, discounted at the effective interest rate of the exposure (EIR). For exposures classified in stage 3, expected credit losses are measured as the value, discounted at the effective interest rate, of all cash shortfalls over the life of the financial instrument.

A financial asset is considered doubtful and classified in "stage 3" when one or more events that have a detrimental impact on the estimated future cash flows of that financial instrument have occurred for example, the financial instrument becomes 90 days past due or knowledge or indications of significant financial difficulties.

Definition of default

The definition of default is aligned with the Basel regulatory default definition, with a rebuttable presumption that the default occurs no later than 90 days past-due.

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

Continued

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

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 has no borrowings and therefore is not exposed to interest rate risk.

Foreign Currency Risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to foreign exchange risk is not considered to be significant and consequently, sensitivity analysis information has not been provided.

Maturity Profile of 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	No Maturity £'000	Total £'000
Amounts receivable from Group Undertakings	615	-	-	-	-	615
Cash and Cash Equivalents	19,402	-	-	-	-	19,402
Investments	-	-	-	-	16,128	16,128
Other Receivables	24	-	-	-	-	24
	<u>20,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,128</u>	<u>36,169</u>

Year Ended 31 December 2020

	Less than 3 months £'000	3 - 12 months £'000	1 to 5 years £'000	Over 5 years £'000	No Maturity £'000	Total £'000
Amounts receivable from Group Undertakings	508	-	-	-	-	508
Cash and Cash Equivalents	13,487	-	-	-	-	13,487
Investments	-	-	-	-	21,275	21,275
Other Receivables	18	-	-	-	-	18
	<u>14,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,275</u>	<u>35,288</u>

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

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	355	-	-	-	355
Accruals and Other Payables	711	-	417	-	1,128
	<u>1,066</u>	<u>-</u>	<u>417</u>	<u>-</u>	<u>1,483</u>

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	347	-	-	-	347
Accruals and Other Payables	1,128	-	-	-	1,128
	<u>1,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,475</u>

Reconciliation of liabilities from financing activities

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

Year Ended 31 December 2021

	2020 £'000	Cash flows £'000	Non-Cash changes £'000	2021 £'000
<u>Short term borrowings</u>				
Amounts payable to Group Undertakings	347	8	-	355

Year Ended 31 December 2020

	2019 £'000	Cash flows £'000	Non-Cash changes £'000	2020 £'000
<u>Short term borrowings</u>				
Amounts payable to Group Undertakings	304	43	-	347

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17. 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-balance sheet commitments towards Russian or Ukrainian counterparties. This crisis did not impact the financial statements at 31 December 2021.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

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

19. PARENT AND ULTIMATE CONTROLLING PARTY

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

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

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