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BIBBY FACTORS LIMITED
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 1996



BIBBY FACTORS LIMITED

PARENT UNDERTAKING

Bibby Group of Factors Limited

ULTIMATE PARENT COMPANY

Bibby Line Group Limited

DIRECTORS

Simon Patrick Sherrard - Chairman
John William Connell - Chief Executive
Philip John Mole - Managing

SECRETARY

Bibby Bros & Co (Management) Limited

REGISTERED OFFICE

105 Duke Street
Liverpool
L1 5JQ

Incorporated in England and Wales
Registered No. 388715

AUDITORS

Price Waterhouse
York House
York Street
Manchester
M2 4WS

BIBBY FACTORS LIMITED

NOTICE OF MEETING

Notice is hereby given, that the Annual General Meeting of the Company will be held on 6 May 1997 at 105 Duke Street, Liverpool for the following purposes:

To approve the Directors' Report and Accounts for the year ended 31 December 1996.

To re-elect the retiring Directors.

To re-appoint Price Waterhouse as Auditors of the Company for the ensuing year.

To transact any other ordinary business.

A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member.

By order of the Board



Bibby Bros & Co (Management) Limited
Secretary

1 April 1997

BIBBY FACTORS LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report and Accounts for the year ended 31 December 1996.

ACTIVITIES

The activity of the Company during the year continued to be debt factoring.

TRADING RESULT

The result for the year is set out in the Profit and Loss Account.

DEVELOPMENT OF BUSINESS

The volume of debts factored increased significantly during the year with an accompanying satisfactory increase in profit.

CHANGES IN FIXED ASSETS

The changes in fixed assets are set out in Note 6 to the Accounts.

DIVIDEND

The Directors propose that a dividend of 35p (1995 - 44.3p) per share be paid to the holders of the £1 Ordinary Shares in respect of the year ended 31 December 1996.

DIRECTORS

The names of the persons who were Directors of the Company during the year were:

S. P. Sherrard
J. W. Connell
P. J. Mole

BIBBY FACTORS LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

The only interests of the Directors in shares of the Bibby Line Group companies were in shares of Bibby Line Group Limited.

The interests of Mr. S. P. Sherrard in the shares of Bibby Line Group Limited are disclosed in the Directors' Report of that company.

Insurance has been taken out under Section 310(3) of the Companies Act 1985, for the officers of the Company against liabilities in relation to the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which 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 year. In preparing those financial statements, the Directors are required to:

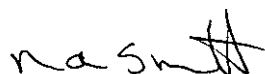
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

AUDITORS

Price Waterhouse, being eligible, have indicated their willingness to be re-appointed.

By Order of the Board



Bibby Bros & Co (Management) Limited
Secretary

BIBBY FACTORS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors


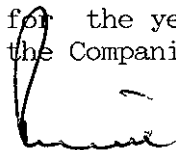
As described on page 4 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PRICE WATERHOUSE

Chartered Accountants and
Registered Auditors
York House
York Street
Manchester
M2 4WS

1 April 1997

BIBBY FACTORS LIMITED

PROFIT & LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 1996

	Note	1996 £	1995 £
Turnover	2	2,721,948	2,308,634
Operating Costs		(995,644)	(990,144)
Gross Profit before Depreciation		1,726,304	1,318,490
Depreciation		(56,434)	(38,244)
Gross Profit		1,669,870	1,280,246
Administration Expenses		(111,805)	(122,444)
Operating Profit		1,558,065	1,157,802
Interest Receivable		1,821	1,249
Interest Payable		(551,475)	(451,576)
Profit on Disposal of Fixed Assets		-	3,167
Profit on Ordinary Activities Before Taxation	3	1,008,411	710,642
Taxation	4	(307,100)	(232,912)
Profit for the Financial Year		701,311	477,730
Dividend Payable	5	(350,000)	(443,000)
Amount Transferred to Reserves	11	351,311	34,730

There are no recognised gains or losses in 1996 or 1995 other than those dealt with in the profit and loss account.

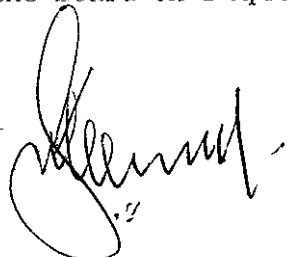
The turnover and profit on ordinary activities all derive from continuing activities which are unchanged from the previous year.

BIBBY FACTORS LIMITED

BALANCE SHEET
31 DECEMBER 1996

		1996	1995
	Note	£	£
FIXED ASSETS:			
Tangible Assets	6	204,939	144,123
CURRENT ASSETS:			
Debtors	7	19,429,423	17,298,493
Cash at Bank and in Hand		157	403
		19,429,580	17,298,896
Creditors (amounts falling due within one year)	8	(10,149,230)	(8,905,666)
Net Current Assets		9,280,350	8,393,230
Total Assets less Current Liabilities		9,485,289	8,537,353
Creditors (amounts falling due after more than one year)	8	8,199,328	7,591,803
Provisions for Liabilities and Charges	9	(101,913)	(91,013)
		8,097,415	7,500,790
CAPITAL AND RESERVES:			
Called Up Share Capital	10	1,000,000	1,000,000
Profit and Loss Account	11	387,874	36,563
Equity Shareholders' Funds	12	1,387,874	1,036,563
		9,485,289	8,537,353

Approved by the Board on 1 April 1997

J. W. Connell
Director


BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS
31 DECEMBER 1996

1. ACCOUNTING POLICIES

Accounting Basis

The Accounts for the Company are presented on the basis of historical cost accounting conventions and in accordance with applicable accounting standards.

Fixed Assets

Fixed Assets are included at cost less depreciation.

Depreciation is provided to write-off the assets over their useful life on a straight line basis as follows:-

Computer Equipment	-	33 1/3% per annum
Motor Vehicles	-	25% per annum
Other Assets	-	15% per annum
Leasehold Improvements	-	Over 15 year term of lease

Deferred Taxation

Provision for deferred taxation resulting from accelerated tax depreciation allowances and other timing differences is made where a corporation tax liability might arise within the foreseeable future.

Pension Costs

The cost of providing pensions is charged against profit on a systematic basis with pension surpluses arising allocated over the expected remaining service lives of current employees. Differences between the amounts charged in the profit and loss account and payments made to the pension scheme are treated as assets or liabilities.

Cash Flows

A statement of group cash flows has been included in the consolidated accounts presented by the ultimate parent undertaking. Accordingly, no statement is presented within these accounts.

Related Party Transactions

Under Financial Reporting Standard 8, the Company is exempt from disclosing related party transactions, as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

Transactions between Bibby Line Group Limited and its related parties are included in that Company's consolidated financial statements.

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 1996 (CONTINUED)

2. TURNOVER

Turnover, which is derived from within the United Kingdom, is the factoring income earned.

Debts factored were £123,942,000 (1995 - £93,299,000).

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION is stated after charging the following amounts:-

	1996 £	1995 £
Staff Costs:		
Wages and Salaries	556,879	433,668
Social Security Costs	41,600	34,547
Pension Costs	21,154	15,865
Interest on Loans Wholly Repayable		
Within Five Years	551,475	451,576
Auditors' Fees and Expenses	3,370	3,480
	<u>551,475</u>	<u>451,576</u>

4. TAXATION

	1996 £	1995 £
Deferred Tax - Credit for Period	10,900	41,400
Payment for Group Relief	(318,000)	(274,000)
Corporation Tax	-	(312)
	<u>(307,100)</u>	<u>(232,912)</u>

Payment for Group relief represents the consideration to be paid to other Group undertakings for the surrender of losses amounting to £1,067,728 (1995 - £921,524).

5. DIVIDEND PAYABLE

	1996 £	1995 £
On Ordinary Shares of £1 Each	<u>350,000</u>	<u>443,000</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 1996 (CONTINUED)

6. TANGIBLE ASSETS

	Total £	Leasehold Improvements £	Plant and Equipment £
Cost at 31 December 1995	236,998	51,122	185,876
Additions	117,250	43,052	74,198
At 31 December 1996	354,248	94,174	260,074
Accumulated Depreciation at 31 December 1995	92,875	21,318	71,557
Provision for the Year	56,434	6,278	50,156
At 31 December 1996	149,309	27,596	121,713
Net Book Amount at 31 December 1996	204,939	66,578	138,361
Net Book Amount at 31 December 1995	144,123	29,804	114,319

7. DEBTORS

	1996 £	1995 £
Trade Debtors	19,276,944	17,020,259
Amounts Owed by Parent Undertaking	-	205,000
Prepayments and Accrued Income	152,479	73,234
	19,429,423	17,298,493

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 1996 (CONTINUED)

8. CREDITORS

	1996 £	1995 £
(Amounts Falling Due within One Year)		
Trade Creditors	9,349,598	8,063,057
Amount Owed to Ultimate Parent Undertaking	318,645	274,000
Accruals and Deferred Income	70,632	59,682
Other Taxation	60,355	65,927
Proposed Dividend	350,000	443,000
	<u>10,149,230</u>	<u>8,905,666</u>
(Amounts Falling Due After One Year)		
Bank Overdraft	<u>8,199,328</u>	<u>7,591,803</u>

The overdraft is part of a bank facility which is available until 11 July 1998. However, the Directors expect the facility to be renewed before that date. The overdraft is secured by a fixed and floating charge over the assets of the Company with, however, the stipulation that in respect of the book debts the amount recoverable under this security is limited to the amount actually prepaid under factoring agreements.

9. PROVISIONS FOR LIABILITIES AND CHARGES

	1996 £	1995 £
Deferred Taxation - asset (see below)	<u>101,913</u>	<u>91,013</u>
Excess of Depreciation Over Tax Allowances	(2,698)	(1,687)
Other Timing Differences	104,611	92,700
	<u>101,913</u>	<u>91,013</u>

Deferred asset not provided for is £67,926 (1995 - £60,671).

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 1996 (CONTINUED)

10.	CALLED UP SHARE CAPITAL	1996 £	1995 £
	Allotted and Fully Paid:		
	Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	Authorised:		
	Ordinary Shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
11.	RESERVES		Profit & Loss Account £
	At 31 December 1995		36,563
	Amount Transferred To Reserves for the Financial Year		<u>351,311</u>
	At 31 December 1996		<u>387,874</u>
12.	MOVEMENT IN SHAREHOLDERS' FUNDS	1996 £	1995 £
	Profit for the Financial Year	702,311	477,730
	Dividends	(351,000)	(443,000)
	Net Addition to Shareholders' Funds	<u>351,311</u>	<u>34,730</u>
	Opening Shareholders' Funds	1,036,563	1,001,833
	Closing Shareholders' Funds	<u>1,387,874</u>	<u>1,036,563</u>
13.	DIRECTORS' EMOLUMENTS	1996 £	1995 £
	The total emoluments were:		
	Management Remuneration	<u>80,882</u>	<u>96,936</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 1996 (CONTINUED)

13. DIRECTORS' EMOLUMENTS (Continued)

The emoluments of the Chairman were nil (1995 - Nil) and the highest paid Director £75,286 (1995 - £61,835) excluding pension contributions. Directors' emoluments excluding pension contributions fall within the following range:

£	£	1996	1995
0	- 5,000	2	2
25,001	- 30,000	-	1
60,001	- 65,000	-	1
75,001	- 80,000	1	-

Additionally, the sum of £39,000 including pension contributions was paid in 1995 to a director retiring through ill health.

14. CAPITAL COMMITMENTS

Capital expenditure for which contracts had been placed which are not otherwise provided for in these accounts at 31 December 1996 amounted to £12,015 (1995 - £Nil).

15. CONTINGENT LIABILITIES

The Company has guaranteed the overdraft of its fellow group undertakings, Bibby Financial Services Limited, Maddox Factoring (UK) Limited, Bibby Commercial Finance Limited, Anpal Finance Limited, Bibby Invoice Factors Limited and Bibby Group of Factors Limited. The liability covered by this guarantee at 31 December 1996 was £16,626,773 (1995 - £15,082,254).

16. PARTICULARS OF EMPLOYEES

	1996	1995
The average number of persons employed by the Company during the period was	<u>38</u>	<u>30</u>

17. PENSION COSTS

A number of the Company's employees are members of the Bibby Line Group's defined benefit pension scheme. The assets of the scheme are held separately from those of the Group and are invested with an insurance company.

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 1996 (CONTINUED)

17. PENSION COSTS (Continued)

The latest actuarial valuation was at 6 April 1996 and showed the scheme to be in surplus. Contributions are determined in accordance with independent actuarial advice. Further actuarial information is given in the accounts of Bibby Line Group Limited.

The pension charge for the year is given in Note 3.

18. OPERATING LEASE COMMITMENTS

	1996 £	1995 £
Annual Commitments Under Operating Leases Which Expire:-		
Within One Year - Motor Vehicles	6,545	-
Between One and Five Years		
Motor Vehicles	17,268	16,572
Office Equipment	11,585	5,880
Over Five Years		
Premises	49,500	49,500
	<hr/>	<hr/>
	84,898	71,952
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19. ULTIMATE PARENT UNDERTAKING

The Company is a wholly owned subsidiary undertaking of Bibby Group of Factors Limited, a company registered in England which is itself a wholly owned subsidiary undertaking of Bibby Line Group Limited, a company also registered in England. Bibby Line Group Limited is the parent undertaking of the smallest and largest group which consolidates these accounts and of which the Company is a member.

Copies of the accounts of Bibby Line Group Limited may be obtained from the Company Secretary, Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ.