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BIBBY FACTORS BOREHAMWOOD LIMITED

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2005**



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BIBBY FACTORS BOREHAMWOOD LIMITED

IMMEDIATE PARENT UNDERTAKING

Bibby Group of Factors Limited

ULTIMATE PARENT UNDERTAKING

Bibby Line Group Limited

DIRECTORS

David Albert Robertson
Ian Downing
Mark John Cleaver

SECRETARY

Bibby Bros. & Co. (Management) Limited

REGISTERED OFFICE

105 Duke Street
Liverpool
L1 5JQ
www.bibbyfinancialservices.com

Incorporated in England and Wales
Registered No. 388715

AUDITORS

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

BIBBY FACTORS BOREHAMWOOD LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their Report and together with the Audited Financial Statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

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

REVIEW OF BUSINESS

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

On 1st November 2004 the company entered an agreement for a fellow subsidiary to undertake all of the services that it previously provided to its clients.

DIVIDEND

The directors propose that a dividend of 20.2p (2004 - 318.66p) per share be paid to the holders of the Ordinary shares of £1 in respect of the year ended 31 December 2005.

DIRECTORS AND THEIR INTERESTS

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

David Albert Robertson
Ian Downing
Mark John Cleaver - appointed 28 February 2005

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 D. A. Robertson in the shares of Bibby Line Group Limited are disclosed in the directors' report of that company.

AUDITORS

In accordance with the Companies Act 1985 the directors have passed an elective resolution to dispense with the annual appointment of auditors, the holding of Annual General Meetings and the laying of accounts at the Annual General Meeting. KPMG LLP have expressed their willingness to remain in office.

BIBBY FACTORS BOREHAMWOOD LIMITED

DIRECTORS' REPORT FOR THE
YEAR ENDED 31 DECEMBER 2005 (Continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS'
REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards.

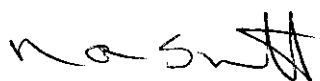
The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 proper accounting records 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board



Bibby Bros. & Co. (Management) Limited
Secretary

31 March 2006

KPMG LLP

8 Princes Parade
Liverpool
United Kingdom

Independent auditors' report to the members of Bibby Factors Borehamwood Limited

We have audited the financial statements of Bibby Factors Borehamwood Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion


We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.



KPMG LLP
Chartered Accountants
Registered Auditor

31 March 2006

BIBBY FACTORS BOREHAMWOOD LIMITED

PROFIT & LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2005

	Note	2005 £	2004 £ (as restated)
Turnover	3	220,000	2,490,142
Operating costs - administration		—	(2,966,459)
Operating profit/(loss)		220,000	(476,317)
Interest payable	4	-	(324,415)
Interest receivable from parent company		<u>50,000</u>	—
Profit/(loss) on ordinary activities before taxation	5	270,000	(800,732)
Taxation	6	(68,000)	<u>208,600</u>
Profit/(loss) for the financial year		202,000	(592,132)
Dividend paid	7	(3,186,627)	(193,000)
Amount transferred from reserves	12	(2,984,627)	(785,132)

There are no recognised gains or losses in 2005 or 2004 other than those dealt with in the profit and loss account.

Turnover and profit/(loss) on ordinary activities all derive from continuing activities which are unchanged from the previous year.

There is no difference between the profit/(loss) stated above, and its historical cost equivalent.


The notes on pages 7 to 14 form part of these financial statements.

BIBBY FACTORS BOREHAMWOOD LIMITED

BALANCE SHEET
31 DECEMBER 2005

	Note	2005 £	2004 £ (as restated)
CURRENT ASSETS:			
Debtors	8	1,017,963	5,487,285
Cash at bank and in hand		<u>397,073</u>	<u>-</u>
		1,415,036	5,487,285
Creditors (amounts falling due within one year)	9	<u>(213,036)</u>	<u>(1,300,658)</u>
Net current assets		<u>1,202,000</u>	<u>4,186,627</u>
Total assets less current liabilities		<u>1,202,000</u>	<u>4,186,627</u>
CAPITAL AND RESERVES:			
Called up share capital	11	1,000,000	1,000,000
Profit and loss account	12	<u>202,000</u>	<u>3,186,627</u>
Equity shareholders' funds	13	<u>1,202,000</u>	<u>4,186,627</u>

Approved by the Board on 31 March 2006



I. Downing
Director

The notes on pages 7 to 14 form part of these financial statements.

1. ACCOUNTING POLICIES

Accounting basis

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

Deferred taxation

Deferred tax is provided at current rates on a non-discounted basis, on all timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation.

Operating leases

Operating lease rentals are charged to the profit and loss account as incurred.

Pension costs

Bibby Factors Borehamwood Limited is a member of the Bibby Line Group Limited Pension Scheme but is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis therefore, as required by FRS 17 "Retirement Benefits", Bibby Factors Borehamwood Limited continues to account for the Scheme as if it were defined contribution. As a result, the amount charged to the profit and loss account represents the contributions payable to the Scheme in respect of the accounting period. Differences between the amounts charged in the profit and loss account and payments made to the Pension Scheme are treated as assets or liabilities. The disclosures required by FRS 17 have been incorporated in note 18.

The Company also participates in a defined contribution scheme. Payments to the scheme are charged as incurred.

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 with group companies, as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at closing rates.

Financing

The Company finances its operations through overdrafts and loans from immediate parent undertakings. Interest is charged at base rates plus a small premium.

Income recognition

The factoring administration fee is recognised in the profit and loss account at the time the debts are factored. Other fees are normally recognised in the profit and loss account at the time the charge is made. However, where fees are charged in respect of non-performing debt, the proportion credited to the profit and loss account is limited to the extent that total recoveries will exceed the debt outstanding.

NOTES TO THE ACCOUNTS 2005 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

Bad debts

Debts are written off when there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their expected realisable values. General provisions are made for losses not specifically identified based on past experience, knowledge of the Group's exposure and other relevant factors. The charge for the year for bad debts is included in administration expenses.

2. CHANGES IN ACCOUNTING POLICIES

During the year under review, several new Accounting Standards have been introduced as UK generally accepted accounting principles converge with International Accounting Standards. One item which affects the preparation of these financial statements is:-

FRS21 - Events after the Balance Sheet Date

This standard requires that when a company declares a dividend to its equity shareholders after the Balance Sheet date, then the company will not recognise that dividend as a liability at the Balance Sheet date. Accordingly, the final dividend for 2005, which is proposed to be declared in May 2006, is not recognised in these financial statements. This has increased the reserves of the Company, as previously reported at 1 January 2005, by £3,186,627. Commensurate changes in creditors have been made to restate the balances.

3. TURNOVER

Turnover, which is all derived from within the United Kingdom, is the factoring income earned. Debts factored were £Nil (2004 - £96,478,000).

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
On loans from parent undertakings	<u>-</u>	<u>324,415</u>

BIBBY FACTORS BOREHAMWOOD LIMITED

NOTES TO THE ACCOUNTS 2005 (CONTINUED)

5. **PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION** is stated after charging the following amounts:-

	2005 £	2004 £
Staff costs:		
- wages and salaries	-	518,174
- social security costs	-	51,201
- pension costs	-	20,769
Depreciation	-	55,767
Hire of plant and equipment	-	27,189
Rental of properties	-	116,781
Auditors' fees and expenses	<u>-</u>	<u>3,000</u>

6. **TAXATION**

	2005 £	2004 £
Deferred tax charge (note 10)	-	15,400
Amount payable/(receivable) in respect of group relief	<u>68,000</u>	<u>(224,000)</u>
	<u>68,000</u>	<u>(208,600)</u>

Factors affecting the tax charge for the year:

The current tax charge is lower than the anticipated charge. The anticipated charged is based on the average rate of tax (weighted in proportion to accounting profit) across the group.

The differences are explained as follows:

	2005 £	2004 £
Profit/(loss) on ordinary activities before taxation	<u>270,000</u>	<u>(800,732)</u>
Profit/(loss) on ordinary activities multiplied by the weighted average rate of tax of 30% (2004 - 30%)	81,000	(240,220)
Effects of:		
Group relief not (paid for) / received	(8,100)	24,912
Capital allowances in excess of depreciation	(4,900)	(11,644)
Other timing differences	-	(3,731)
Expenses not deductible for tax purposes	<u>-</u>	<u>6,683</u>
Current tax charge for the year	<u>68,000</u>	<u>(224,000)</u>

BIBBY FACTORS BOREHAMWOOD LIMITED

NOTES TO THE ACCOUNTS 2005 (CONTINUED)

7. DIVIDEND PAID

	2005	2004
	£	£
On Ordinary shares of £1 each		
- Paid 318.66p (2004 - 19.3p)	<u>3,186,627</u>	<u>193,000</u>

8. DEBTORS

	2005	2004
	£	£
Trade debtors	-	162
Prepayments and accrued income	-	10,530
Other debtors	3,783	12,230
Amount owed by immediate parent undertaking	689,074	4,439,300
Amount owed by fellow group undertakings	<u>325,106</u>	<u>1,025,063</u>
	<u>1,017,963</u>	<u>5,487,285</u>

9. CREDITORS

	2005	2004
	£	£
		(as restated)
Amounts falling due within one year		
Bank overdraft	9,301	1,125,018
Trade creditors	-	66,033
Amount owed to ultimate parent undertaking	68,000	(224,000)
Amount owed to immediate parent undertaking	135,735	36,358
Accruals and deferred income	<u>-</u>	<u>297,249</u>
	<u>213,036</u>	<u>1,300,658</u>

The bank overdrafts are part of a bank facility which 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. The bank facility is also secured by cross guarantee of the companies set out in note 16.

The bank overdrafts and intercompany loans carry interest rates that vary with base rates.

BIBBY FACTORS BOREHAMWOOD LIMITED

NOTES TO THE ACCOUNTS 2005 (CONTINUED)

10. DEFERRED TAXATION

	£	£
At 1 January 2005	-	15,400
Profit and loss – charge (note 6)	<u>-</u>	<u>(15,400)</u>
At 31 December 2005	<u>-</u>	<u>-</u>

The amounts of deferred taxation recognised at 30% (2004 - 30%) are as follows:

	2005 £	2004 £
Accelerated capital allowances	-	-
Other timing differences	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

11. CALLED UP SHARE CAPITAL

	2005 £	2004 £
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>

12. RESERVES

	Profit & Loss Account £
At 1 January - as previously reported	-
Prior year adjustment - note 2	<u>3,186,627</u>
At 1 January 2005 - as restated	3,186,627
Amount transferred from reserves for the financial year	<u>(2,984,627)</u>
At 31 December 2005	<u>202,000</u>

BIBBY FACTORS BOREHAMWOOD LIMITED

NOTES TO THE ACCOUNTS 2005 (CONTINUED)

13. MOVEMENT IN SHAREHOLDERS' FUNDS

	2005 £	2004 £ as restated
Profit/(loss) for the financial year	202,000	(592,132)
Dividends	(3,186,627)	(193,000)
Net reduction to shareholders' funds	(2,984,627)	(785,132)
Opening shareholders' funds	<u>4,186,627</u>	<u>4,971,759</u>
Closing shareholders' funds	<u>1,202,000</u>	<u>4,186,627</u>

14. DIRECTORS' EMOLUMENTS

	2005 £	2004 £
The total emoluments were:		
Emoluments	-	141,551
Pension contributions	<u>-</u>	<u>5,184</u>
	<u>-</u>	<u>146,735</u>

Contributions were made in respect of nil (2004 - two) of the Company's Directors to a defined contribution pension scheme.

15. CAPITAL COMMITMENTS

There were no capital commitment at 31 December 2005 (2004 - £Nil).

BIBBY FACTORS BOREHAMWOOD LIMITED

NOTES TO THE ACCOUNTS 2005 (CONTINUED)

16. GUARANTEE

The Company has guaranteed the banking facilities of its fellow group undertakings.

Bibby Factors Bedford Limited
 Bibby Factors Bristol Limited
 Bibby Factors Limited
 Bibby Factors International Limited
 Bibby Factors Leicester Limited
 Bibby Factors Manchester Limited
 Bibby Factors Northeast Limited
 Bibby Factors Northwest Limited
 Bibby Factors Scotland Limited
 Bibby Factors Slough Limited
 Bibby Factors Sussex Limited
 Bibby Factors Wessex Limited
 Bibby Factors Yorkshire Limited
 Bibby Financial Services Limited
 Bibby Group of Factors Limited
 Bibby Invoice Discounting Limited
 Bibby Trade Factors Limited

17. PARTICULARS OF EMPLOYEES

	2005	2004
The average number of persons employed by the Company during the year was	<u>—</u>	<u>21</u>

All employees are engaged in factoring.

18. PENSION COSTS

The Company participates in the Bibby Line Group Pension Scheme (the “Scheme”), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000. The latest full actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 6 April 2005 using the projected unit method and showed the Scheme to be 74% funded. Further actuarial information is given in the accounts of Bibby Line Group Limited. The contributions made by the Company over the financial year to this Scheme have been £Nil (2004 - £11,588), equivalent to 14½% (2004 - 14½%) of pensionable pay.

Since 1st April 2000, the Company has participated in the Bibby Line Group Money Purchase Pension Plan (the “Plan”), which is a defined contribution scheme for new employees. The contributions made by the Company over the financial year to the Plan have been £Nil (2004 - £9,181).

BIBBY FACTORS BOREHAMWOOD LIMITED

NOTES TO THE ACCOUNTS 2005 (CONTINUED)

18. PENSION COSTS (continued)

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £Nil (2004 - £Nil).

FRS17 Disclosures

As noted above and under accounting policies (note 1) the Company participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £11,304,000 (2004 - £11,355,000) is noted. Further information can be found in the financial statements of the ultimate holding company.

19. OPERATING LEASE COMMITMENTS

	2005	2004
	£	£
Annual commitments under operating leases which expire:-		
within one year:		
- vehicles, plant and equipment	<u>-</u>	<u>8,047</u>

20. PARENT UNDERTAKINGS

The Company is a wholly owned subsidiary undertaking of Bibby Group of Factors Limited which is a wholly owned subsidiary of Bibby Financial Services Limited which is itself a wholly owned subsidiary undertaking of Bibby Line Group Limited. 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 Group financial statements may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ (www.bibbygroup.co.uk).