

SIGNED

BIBBY FACTORS LIMITED

FINANCIAL STATEMENTS FOR THE

YEAR ENDED 31 DECEMBER 2003



BIBBY FACTORS LIMITED

IMMEDIATE PARENT UNDERTAKING

Bibby Group of Factors Limited

ULTIMATE PARENT UNDERTAKING

Bibby Line Group Limited

DIRECTORS

David Albert Robertson
Mark John Cleaver - Chairman
Susan Myra Jones - Managing Director
Ian Downing
Amanda Jayne de Courcy

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 LIMITED

NOTICE OF MEETING

Notice is hereby given, that the Annual General Meeting of the Company will be held on 22 May 2004 at 105 Duke Street, Liverpool for the following purposes:

To consider the attached Directors' Report and Financial Statements for the year ended 31 December 2003.

To re-elect directors.

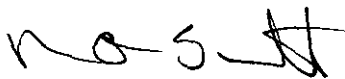
Special notice having been received of the intention to propose the resolution as an ordinary resolution, to re-appoint KPMG LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.

(KPMG LLP had previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of PricewaterhouseCoopers LLP on 28 November 2003.

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

22 March 2004

BIBBY FACTORS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their Report and together with the Audited Financial Statements for the year ended 31 December 2003.

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.

The volume of debts factored increased during the year which in turn led to an increase in profitability.

Based on the Company's financial projections, the Directors expect the Company's profitability to increase in the current financial year.

DIVIDEND

The directors propose that a dividend of 19.3p (2002 - 18.2p) per share be paid to the holders of the Ordinary shares of £1 in respect of the year ended 31 December 2003.

DIRECTORS AND THEIR INTERESTS

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

David Albert Robertson
Mark John Cleaver
Susan Myra Jones - Managing Director
Ian Downing
Amanda Jayne de Courcy
David Ivor Howard

Since the year end, on 16th February 2004, D. I. Howard resigned as a director of the Company.

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.

BIBBY FACTORS LIMITED

DIRECTORS' REPORT FOR THE
YEAR ENDED 31 DECEMBER 2003 (Continued)

AUDITORS

On 2 July 2003 PricewaterhouseCoopers resigned as auditors following the transfer of substantially all of their business to a limited liability partnership and the Directors filled the casual vacancy so arising by appointing PricewaterhouseCoopers LLP. On 28 November 2003 PricewaterhouseCoopers LLP resigned and the Directors filled the casual vacancy so arising by appointing KPMG LLP.

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

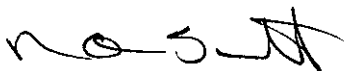
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.

By order of the Board



Bibby Bros. & Co. (Management) Limited
Secretary

22 March 2004



KPMG LLP

8 Princes Parade
Liverpool
L3 1QH
United Kingdom

Independent auditors report to the members of Bibby Factors Limited

We have audited the financial statements on pages 6 to 16.

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

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 transactions with the company is not disclosed.

Basis of audit 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 2003 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

22 March 2004

BIBBY FACTORS LIMITED

PROFIT & LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £
Turnover	2	2,643,726	2,304,450
Operating costs - administration		<u>(2,007,804)</u>	<u>(1,792,730)</u>
Operating profit		635,922	511,720
Interest payable	3	<u>(202,638)</u>	<u>(129,934)</u>
Profit on ordinary activities before taxation	4	433,284	381,786
Taxation	5	<u>(126,700)</u>	<u>(93,000)</u>
Profit for the financial year		306,584	288,786
Dividend payable	6	<u>(193,000)</u>	<u>(182,000)</u>
Amount transferred to reserves	12	<u>113,584</u>	106,786

There are no recognised gains or losses in 2003 or 2002 other than those dealt with in the profit and loss account.

Turnover and profit on ordinary activities all derive from the provision of debt factoring.

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


The notes on pages 8 to 16 form part of these financial statements.

BIBBY FACTORS LIMITED

BALANCE SHEET
31 DECEMBER 2003

	Note	2003 £	2002 £
FIXED ASSETS:			
Tangible assets	7	<u>55,612</u>	<u>63,633</u>
CURRENT ASSETS:			
Debtors	8	19,416,709	17,579,150
Cash at bank and in hand		<u>356,639</u>	<u>-</u>
		19,773,348	17,579,150
Creditors (amounts falling due within one year)	9	<u>(15,050,201)</u>	<u>(12,977,608)</u>
Net current assets		<u>4,723,147</u>	<u>4,601,542</u>
Total assets less current liabilities		<u>4,778,759</u>	<u>4,665,175</u>
CAPITAL AND RESERVES:			
Called up share capital	11	1,000,000	1,000,000
Profit and loss account	12	<u>3,778,759</u>	<u>3,665,175</u>
Equity shareholders' funds	13	<u>4,778,759</u>	<u>4,665,175</u>

Approved by the Board on 22 March 2004



I. Downing
Director

The notes on pages 8 to 16 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.

Fixed assets

Fixed assets are included at cost less accumulated depreciation.

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

- plant and equipment - between three and five years
- leasehold improvements - the lower of ten years or remaining life of the lease

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

The Company participates in the Bibby Line Group Limited defined benefit pension scheme. However, as it is not possible to separately identify the Company's assets and liabilities from the scheme, pension charges are accounted for as a defined contribution scheme and charged as incurred.

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.

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

1. ACCOUNTING POLICIES

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.

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. TURNOVER

Turnover, which is all derived from within the United Kingdom, is the factoring income earned. Debts factored were £117,142,000 (2002 - £101,211,000).

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
On loans from parent undertakings	202,638	45,404
On bank loans and overdrafts	-	84,530
	<u>202,638</u>	<u>129,934</u>

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

	2003 £	2002 £
Staff costs:		
- wages and salaries	698,771	721,062
- social security costs	62,143	77,936
- pension costs	24,659	22,794
Depreciation	21,062	39,850
Hire of plant and equipment	42,635	46,573
Rental of properties	128,513	137,098
Auditors' fees and expenses	<u>3,600</u>	<u>3,000</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

5. TAXATION

	2003 £	2002 £
Deferred tax charge (note 10)	4,700	17,000
Amount payable in respect of group relief	<u>122,000</u>	<u>76,000</u>
	<u>126,700</u>	<u>93,000</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:

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>433,284</u>	<u>381,786</u>
Profit on ordinary activities multiplied by the weighted average rate of tax of 30% (2002 - 30%)	129,985	114,536
Effects of:		
Group relief not paid for	(13,711)	(8,992)
Capital allowances in excess of depreciation	(3,124)	1,163
Other timing differences	(1,059)	(40,210)
Expenses not deductible for tax purposes	<u>9,909</u>	<u>9,503</u>
Current tax charge for the year	<u>122,000</u>	<u>76,000</u>

6. DIVIDEND PAYABLE

	2003 £	2002 £
On Ordinary shares of £1 each		
- Proposed 19.3p (2002 - 18.2p)	<u>193,000</u>	<u>182,000</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

7. TANGIBLE ASSETS

	Leasehold Improvements £	Plant and Equipment £	Total £
Cost			
At 1 January 2003	67,335	310,698	378,033
Additions	<u>-</u>	<u>13,041</u>	<u>13,041</u>
At 31 December 2003	<u>67,335</u>	<u>323,739</u>	<u>391,074</u>
Accumulated Depreciation			
At 1 January 2003	51,960	262,440	314,400
Charge for the year	<u>7,128</u>	<u>13,934</u>	<u>21,062</u>
At 31 December 2003	<u>59,088</u>	<u>276,374</u>	<u>335,462</u>
Net book amount at 31 December 2003	<u>8,247</u>	<u>47,365</u>	<u>55,612</u>
Net book amount at 31 December 2002	<u>15,375</u>	<u>48,258</u>	<u>63,633</u>

8. DEBTORS

	2003 £	2002 £
Trade debtors	19,352,590	17,488,642
Prepayments and accrued income	48,719	70,408
Deferred tax (note 10)	<u>15,400</u>	<u>20,100</u>
	<u>19,416,709</u>	<u>17,579,150</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

9. CREDITORS

	2003 £	2002 £
Amounts falling due within one year		
Bank overdraft	609,113	17,506
Trade creditors	9,088,298	9,497,812
Amount owed to ultimate parent undertaking	122,000	76,000
Amount owed to immediate parent undertaking	4,875,880	3,031,523
Amount owed to fellow group undertakings	4,421	-
Accruals and deferred income	96,062	125,026
Other taxation and social security	61,427	47,741
Proposed dividend	<u>193,000</u>	<u>182,000</u>
	<u>15,050,201</u>	<u>12,977,608</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.

10. DEFERRED TAXATION ASSET

	£	£
At 1 January 2003	20,100	37,100
Profit and loss – charge (note 5)	<u>(4,700)</u>	<u>(17,000)</u>
At 31 December 2003	<u>15,400</u>	<u>20,100</u>

The amounts of deferred taxation recognised at 30% (2002 - 30%) are as follows:

	2003 £	2002 £
Accelerated capital allowances	11,700	15,300
Other timing differences	<u>3,700</u>	<u>4,800</u>
	<u>15,400</u>	<u>20,100</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

11. CALLED UP SHARE CAPITAL

	2003 £	2002 £
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 2003	3,665,175
Amount transferred to reserves for the financial year	<u>113,584</u>
At 31 December 2003	<u>3,778,759</u>

13. MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	306,584	288,786
Dividends	<u>(193,000)</u>	<u>(182,000)</u>
Net addition to shareholders' funds	113,584	106,786
Opening shareholders' funds	<u>4,665,175</u>	<u>4,558,389</u>
Closing shareholders' funds	<u>4,778,759</u>	<u>4,665,175</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

14. DIRECTORS' EMOLUMENTS

	2003 £	2002 £
The total emoluments were:		
Emoluments	141,853	151,705
Pension contributions	<u>5,514</u>	<u>5,514</u>
	<u>147,367</u>	157,219

Contributions were made in respect of two (2002 - two) of the Company's Directors to a defined benefit pension scheme. The emoluments, excluding pension contributions of the Chairman were £Nil (2002 - £Nil) and the highest paid Director £85,687 (2002 - £90,356).

15. CAPITAL COMMITMENTS

There were no capital commitment at 31 December 2003 (2002 - £Nil).

16. GUARANTEE

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

Bibby Asset Finance Limited
 Bibby Factors Bedford Limited
 Bibby Factors Bristol Limited
 Bibby Factors International Limited
 Bibby Factors Leicester Limited
 Bibby Factors Manchester Limited
 Bibby Factors Northeast Limited
 Bibby Factors Northwest Limited
 Bibby Factors Polska Sp. z o.o.
 Bibby Factors Scotland Limited
 Bibby Factors Slough Limited
 Bibby Factors Sussex Limited
 Bibby Factors Wessex Limited
 Bibby Factors West Midlands Limited
 Bibby Factors Yorkshire Limited
 Bibby Financial Services Australia Pty Limited
 Bibby Financial Services (CA) Inc.
 Bibby Financial Services (Holdings) Inc.
 Bibby Financial Services Inc.
 Bibby Financial Services Limited
 Bibby Group of Factors Limited
 Bibby Invoice Discounting Limited
 Bibby Trade Finance Limited

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

17. PARTICULARS OF EMPLOYEES

	2003	2002
The average number of persons employed by the Company during the year was	<u>27</u>	28
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 2002 using the projected unit method and showed the Scheme to be 88% 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 £12,394 (2002 - £14,470), equivalent to 14½% (2002 - 12%) 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 £12,265 (2002 - £8,324).

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £Nil (2002 - £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 £8,669,000 (2002 - £9,091,000) is noted. Further information can be found in the financial statements of the ultimate holding company.

19. OPERATING LEASE COMMITMENTS

	2003 £	2002 £
Annual commitments under operating leases which expire:-		
within one year:		
- vehicles, plant and equipment	17,389	5,627
between two and five years:		
- property	125,000	175,125
- vehicles, plant and equipment	<u>9,800</u>	<u>22,280</u>
	<u>152,189</u>	<u>203,032</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2003 (CONTINUED)

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).