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**BIBBY FACTORS LIMITED**  
**FINANCIAL STATEMENTS FOR THE**  
**YEAR ENDED 31 DECEMBER 2002**



## 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  
David Ivor Howard

### SECRETARY

Bibby Bros. & Co. (Management) Limited

### REGISTERED OFFICE

105 Duke Street  
Liverpool  
L1 5JQ

Incorporated in England and Wales  
Registered No. 388715

### AUDITORS

PricewaterhouseCoopers  
8 Princes Parade  
St. Nicholas Place  
Liverpool  
L3 1QJ

BIBBY FACTORS LIMITED

NOTICE OF MEETING

Notice is hereby given, that the Annual General Meeting of the Company will be held on 22 May 2003 at 105 Duke Street, Liverpool for the following purposes:

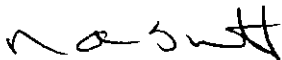
To consider the attached Directors' Report and Financial Statements for the year ended 31 December 2002.

To re-elect directors.

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

13 March 2003

## BIBBY FACTORS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their Report and together with the Audited Financial Statements for the year ended 31 December 2002.

#### 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

On 1 January 2002, the operations of the Company's Bedford office were transferred to a separate limited company, Bibby Factors Bedford Limited. As a result, the volume of debts factored decreased significantly during the year with an accompanying decrease in profitability.

#### CHANGES IN FIXED ASSETS

The changes in fixed assets are set out in Note 7 to the Accounts.

#### DIVIDEND

The directors propose that a dividend of 18.2p (2001 - 80.2p) per share be paid to the holders of the £1 ordinary shares in respect of the year ended 31 December 2002.

## BIBBY FACTORS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002 (Continued)

#### DIRECTORS

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

D. A. Robertson  
M. J. Cleaver - Appointed Director/Chairman 18 March 2002  
S. M. Jones - Managing Director  
I. Downing  
A. J. de Courcy  
D. I. Howard

None of the directors held any interests in either the shares of the Company or any of the Bibby Line Group Limited group of companies.

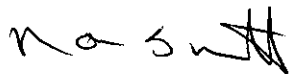
#### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

13 March 2003

## BIBBY FACTORS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIBBY FACTORS LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

#### **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 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 of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers**  
**Chartered Accountants and Registered Auditors**  
Liverpool

13 March 2003

BIBBY FACTORS LIMITED

PROFIT & LOSS ACCOUNT  
YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
Turnover	2	2,304,450	5,570,150
Operating costs - administration		(1,792,730)	(2,736,395)
Operating profit		511,720	2,833,755
Interest payable	3	(129,934)	(641,614)
Profit on ordinary activities before taxation	4	381,786	2,192,141
Taxation	5	(93,000)	(588,100)
Profit for the financial year		288,786	1,604,041
Dividend payable	6	(182,000)	(802,000)
Amount transferred to reserves	12	<u>106,786</u>	<u>802,041</u>

There are no recognised gains or losses in 2002 or 2001 other than those dealt with in the profit and loss account.

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

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 2002

	Note	2002 £	2001 £
FIXED ASSETS:			
Tangible assets	7	<u>63,633</u>	<u>246,826</u>
CURRENT ASSETS:			
Debtors	8	17,579,150	34,518,454
Cash at bank and in hand		<u>-</u>	<u>166</u>
		17,579,150	34,518,620
Creditors (amounts falling due within one year)	9	<u>(12,977,608)</u>	<u>(27,958,983)</u>
Net current assets		<u>4,601,542</u>	<u>6,559,637</u>
Total assets less current liabilities		<u>4,665,175</u>	<u>6,806,463</u>
Creditors (amounts falling due after more than one year)	9	<u>-</u>	<u>2,248,074</u>
CAPITAL AND RESERVES:			
Called up share capital	11	1,000,000	1,000,000
Profit and loss account	12	<u>3,665,175</u>	<u>3,558,389</u>
Equity shareholders' funds	13	<u>4,665,175</u>	<u>4,558,389</u>
		<u>4,665,175</u>	<u>6,806,463</u>

Approved by the Board on 13 March 2003



I. Downing  
Director

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



# BIBBY FACTORS LIMITED

## NOTES TO THE ACCOUNTS 31 DECEMBER 2002

### 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. During the year the Company has adopted Financial Reporting Standard 19 (Deferred Tax). This has not resulted in a significant change to the reported results or reserves for the years ended 31 December 2002 or 2001.

#### **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 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 2002 (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 £101,211,000 (2001 - £234,080,000).

### 3. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
On loans from parent undertakings	45,404	338,667
On bank loans and overdrafts	<u>84,530</u>	<u>302,947</u>
	<u>129,934</u>	<u>641,614</u>

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

	2002 £	2001 £
Staff costs:		
- wages and salaries	721,062	1,332,634
- social security costs	77,936	127,080
- pension costs	22,794	72,716
Depreciation	39,850	117,307
Hire of plant and equipment	46,573	96,811
Rental of properties	137,098	141,140
Auditors' fees and expenses	<u>3,000</u>	<u>6,000</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

5. TAXATION

	2002 £	2001 £
Deferred tax charge	17,000	17,100
Payment for group relief	<u>76,000</u>	<u>571,000</u>
	<u>93,000</u>	<u>588,100</u>

**Factors affecting the tax charge for the year:**

The current tax charge is lower than the standard rate of corporation tax in the UK of 30%.

The differences are explained as follows:

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>381,786</u>	<u>2,192,141</u>
Profit on ordinary activities multiplied by the standard rate in the UK of 30% (2001 - 30%)	114,536	657,642
Effects of:		
Utilisation of group relief	(84,992)	(634,371)
Capital allowances in excess of depreciation	1,163	5,781
Other timing differences	(40,210)	(34,402)
Expenses not deductible for tax purposes	<u>9,503</u>	<u>5,350</u>
Current tax charge for the year	—	—

6. DIVIDEND PAYABLE

	2002 £	2001 £
On ordinary shares of £1 each		
Proposed 18.2p (2001 - 80.2p)	<u>182,000</u>	<u>802,000</u>

## BIBBY FACTORS LIMITED

## NOTES TO THE ACCOUNTS 2002 (CONTINUED)

## 7. TANGIBLE ASSETS

	Leasehold Improvements £	Plant and Equipment £	Total £
<b>Cost</b>			
At 1 January 2002	196,963	669,994	866,957
Additions	-	8,751	8,751
Disposals	(129,628)	(368,047)	(497,675)
At 31 December 2002	<u>67,335</u>	<u>310,698</u>	<u>378,033</u>
<b>Accumulated Depreciation</b>			
At 1 January 2002	75,918	544,213	620,131
Charge for the year	7,128	32,722	39,850
Disposals	(31,086)	(314,495)	(345,581)
At 31 December 2002	<u>51,960</u>	<u>262,440</u>	<u>314,400</u>
Net book amount at 31 December 2002	<u>15,375</u>	<u>48,258</u>	<u>63,633</u>
Net book amount at 31 December 2001	<u>121,045</u>	<u>125,781</u>	<u>246,826</u>

## 8. DEBTORS

	2002 £	2001 £
Trade debtors	17,488,642	34,284,707
Prepayments and accrued income	70,408	133,814
Amount owed by other group undertaking	-	1,633
Deferred tax (note 10)	<u>20,100</u>	<u>98,300</u>
	<u>17,579,150</u>	<u>34,518,454</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

9. CREDITORS

	2002 £	2001 £
<b>Amounts falling due within one year</b>		
Bank overdraft	17,506	-
Trade creditors	9,497,812	18,058,381
Amount owed to ultimate parent undertaking	76,000	573,966
Amount owed to immediate parent undertaking	3,031,523	8,151,241
Accruals and deferred income	125,026	250,269
Other taxation and social security	47,741	123,126
Proposed dividend	<u>182,000</u>	<u>802,000</u>
	<u>12,977,608</u>	<u>27,958,983</u>

**(Amounts falling due after more than one year)**

Bank overdraft/acceptance credits	<u>-</u>	<u>2,248,074</u>
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Bank overdraft/acceptance credits are repayable as follows:

- between two and five years	<u>-</u>	<u>2,248,074</u>
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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 overdrafts and intercompany loans carry interest rates that vary with base rates.

10. DEFERRED TAXATION ASSET

	£
At 1 January 2002	98,300
Profit and loss – charge (note 5)	(17,000)
Transfer to fellow group undertaking	<u>(61,200)</u>
At 31 December 2002	<u>20,100</u>

The amounts of deferred taxation recognised and unrecognised at 30% (2001 - 30%) are as follows:

	Recognised		Unrecognised	
	2002 £	2001 £	2002 £	2001 £
Accelerated capital allowances	15,300	8,500	-	5,700
Other timing differences	<u>4,800</u>	<u>89,800</u>	<u>-</u>	<u>59,800</u>
	<u>20,100</u>	<u>98,300</u>	<u>-</u>	<u>65,500</u>

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

11. CALLED UP SHARE CAPITAL

	2002 £	2001 £
<b>Allotted and fully paid:</b>		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Authorised:</b>		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

12. RESERVES

	Profit & Loss Account £
At 1 January 2002	3,558,389
Amount transferred to reserves for the financial year	<u>106,786</u>
At 31 December 2002	<u>3,665,175</u>

13. MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	288,786	1,604,041
Dividends	<u>(182,000)</u>	<u>(802,000)</u>
Net addition to shareholders' funds	106,786	802,041
Opening shareholders' funds	<u>4,558,389</u>	<u>3,756,348</u>
Closing shareholders' funds	<u>4,665,175</u>	<u>4,558,389</u>

# BIBBY FACTORS LIMITED

## NOTES TO THE ACCOUNTS 2002 (CONTINUED)

### 14. DIRECTORS' EMOLUMENTS

	2002	2001
	£	£
The total emoluments were:		
Emoluments	151,705	271,641
Pension contributions	<u>5,514</u>	<u>16,227</u>
	<u>157,219</u>	<u>287,868</u>

Contributions were made in respect of two (2001 - five) of the Company's Directors to a defined benefit pension scheme. The emoluments, excluding pension contributions of the Chairman were £Nil (2001 - £Nil) and the highest paid Director £90,356 (2001 - £117,875).

### 15. CAPITAL COMMITMENTS

Capital expenditure for which contracts had been placed which are not otherwise provided for in these accounts at 31 December 2002 amounted to Nil (2001 - Nil).

### 16. CONTINGENT LIABILITIES

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 West Midlands Limited  
Bibby Financial Services Australia Pty Limited  
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

The liability covered by this guarantee at 31 December 2002 was £133,266,000 (2001 - £76,950,000).

BIBBY FACTORS LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

17. PARTICULARS OF EMPLOYEES

	2002	2001
The average number of persons employed by the Company during the year was	<u>28</u>	<u>61</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 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 94% 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 £14,470 (2001 - £26,962), equivalent to 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 £8,324 (2001 - £917).

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £Nil (2001 - £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 £9,091,000 is noted. Further information can be found in the financial statements of the ultimate holding company.

19. OPERATING LEASE COMMITMENTS

	2002 £	2001 £
Annual commitments under operating leases which expire:-		
within one year:		
- vehicles, plant and equipment	5,627	8,214
between two and five years:		
- property	175,125	175,125
- vehicles, plant and equipment	<u>22,280</u>	<u>75,095</u>
	<u>203,032</u>	<u>258,434</u>



## BIBBY FACTORS LIMITED

### NOTES TO THE ACCOUNTS 2002 (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 accounts may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ.