

Re: Bibby Bulk Carriers
(01036027)

Registration number: 00034121

Bibby Line Group Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2019



Bibby Line Group Limited

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Bibby Line Group Limited

Company Information

Chairman	Sir Michael Bibby Bt. DL
Chief Executive Officer	John Cresswell
Other Directors	Jonathan Lewis David Anderson Geoffrey Bibby
Company secretary	Bibby Bros. & Co. (Management) Limited
Registered office	3rd Floor Walker House Exchange Flags Liverpool United Kingdom L2 3YL
Auditors	Deloitte LLP Statutory Auditor Liverpool United Kingdom

Bibby Line Group Limited

Chairman's Statement

This is my first Chairman's statement since my appointment in June and I'd like to start by thanking Paul Drechsler for his service as Chair of Bibby Line Group Limited for almost six years. His counsel and leadership have been instrumental in guiding us through a substantial change in the shape of the group.

We certainly live in interesting times as although 2019 was another challenging year for the Group it perversely has helped us deal with the Covid-19 pandemic in 2020. The portfolio has to some extent protected us against the worst effects of the pandemic with little exposure to travel, non-food retail or hospitality sectors. Financial Services is, however, the one business to have suffered in 2020 as a result of Covid-19, as client advances on debts factored have fallen due to reduced demand and the availability of working capital from Governments around the world in the form of VAT and other deferrals and zero interest loans, as well as low interest rates. Fortunately it entered the pandemic with strong cash reserves due to the completion of the sale of the North American business in February 2020.

Once the extent of the virus, medical risks and lockdowns across the world became apparent our teams reacted rapidly and professionally to continue providing excellent customer service whilst prioritising the safety of our colleagues, operations and managing liquidity. Our values shone through with each colleague doing what they could to help provide new solutions to the issues faced by us and our customers. Marine has provided safe accommodation for workers in Singapore; Financial Services continued to provide much needed funding to small and medium-sized enterprises; Costcutter set up pop up shops in hospitals to supply goods to the NHS staff; Garic has made portable hand wash stations and provided infrastructure for Covid-19 test centres, whilst Distribution has set up virus testing centres on site and transported food, ingredients and PPE around the country. Furthermore our investment in technology allowed the majority of office-based colleagues to work from home at short notice.

The results in 2019 were however poor, with the main reasons for the reduction in 2019 reserves being principally the losses in Financial Services (including a restatement of 2018 results), high pension and other central costs and low utilisation of vessels in Marine. Regarding the restatement, in 2019, at the direction of the BLG Board and following senior organisational changes within BFS, internal reviews in the year indicated the material misstatement of a number of accounting balances within the BFS (and therefore Group) financial statements. This restatement has increased the Group loss before tax for the year ended 31 December 2018 from £15.1m to £26.5m. Further disclosure is provided in the Director's Report on page 19 and at note 29 of the Financial Statements.

In Financial Services the reduced margin, the expensing of additional development and other costs, combined with losses in the North American business caused a drop in reserves reported in the year. The actions taken, including the sale of the North American business and significant cost savings in early 2020, have put us in a much better position to deal with the consequences of the pandemic and with a strong balance sheet and liquidity I am confident that this business will benefit from any recovery in the economy in 2021.

The lack of utilisation in our Marine assets was largely caused by the larger Asian barges not working, with additional costs being incurred due to the delivery of the WaveMaster Horizon and very poor trading at Bibby HydroMap. I am sorry to say that Bibby HydroMap was eventually put into Administration in 2020 as there was minimal chance trading would recover sufficiently in the year but glad to report that WaveMaster Horizon was successfully delivered onto a 10 year charter in 2019, and both Bibby Progress and Bibby Renaissance have been subsequently chartered to the Singapore authorities to house migrant labourers through the pandemic.

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Chairman's Statement

I am also pleased to report that ongoing losses in some of the other businesses have also been stemmed as we have significantly progressed their turnarounds. Of note, Costcutter completed the first full year with goods to the shops being supplied via the Coop; Garic made significant progress rolling the depot structure out around the UK; and Distribution restructured its trading and contract footprint, supporting the successful sale of the business in December 2020.

As you may note from the format of these accounts, action has also been taken to reduce group overhead costs.

The values and purpose of our group remain critically important to our future success, and I would like to thank our colleagues, customers, suppliers and partners for their continued support. I would also like to thank our shareholders for their patience while dividends are suspended as we seek to return the group to profitability and growth.

Sir Michael Bibby Bt. DL

Bibby Line Group Limited

Strategic Report

The Directors present their strategic report for the year ended 31 December 2019.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Bibby Line Group Limited ('BLG') and its subsidiary undertakings when viewed as a whole.

Purpose and values:

The Group's purpose is to grow the long-term value of the Group. Guided by our shared values, we are custodians of the family business for future generations, creating a diverse group of innovative companies that develop colleagues, delight customers and give back to communities.

Our shared Group values are - Work Together, Be Better, Be Innovative, Trust Each Other, Do the Right Thing - these guide every decision we make, and all combine to help us deliver excellent customer service.

Strategy:

BLG is the parent company of a group of trading businesses. The Group is 90% owned by the Bibby family, principally through family trusts. The board, in consultation with them, has set seven corporate strategic objectives:

1. Maximise the long-term real value of shareholders' funds by achieving a compound growth rate in shareholders' funds inclusive of dividends of not less than 8% per annum, measured over 7 year rolling periods.
2. Keep a business portfolio capable of generating recurring earnings and a dividend flow to the holding company to provide security against cyclical downturns in any particular market.
3. Attract, motivate and retain high quality personnel.
4. Maintain our excellent reputation for high quality, integrity and safety of operations
5. Be aware of the impact on society of our operations and to continually improve the environment for all.
6. Continually strive for excellence in our service to customers through our flexible, personal and responsive approach.
7. Ensure BLG values flow through the company and its individual businesses in order to protect and nurture the Group's reputation as a diverse and forward-looking family business.

The nature of the shareholding enables the Group to take a long-term view of its trading businesses and provides the rationale for the diversification within the portfolio.

The Group's corporate governance approach to managing the trading businesses in line with these objectives is set out in this report on pages 22-25.

The Group aims to maintain a diversified portfolio of businesses providing multiple, uncorrelated, sources of earnings. It should also avoid excessive exposures to individual risks to provide security against downturns in any particular market or sector.

The business model for BLG is to maintain a portfolio of businesses, which provide dividend income to the holding company from which a consistent dividend is paid to shareholders, leaving a significant portion of profits and cash for reinvestment in the businesses in pursuit of the Group's corporate strategic objectives of building long-term shareholder value within acceptable risk parameters.

Bibby Line Group Limited

Strategic Report

Operational Review:

2019 was another year of challenges and change for BLG as we further stabilised the businesses and took the necessary actions to address short term underperformance. Despite continued uncertainty due to Brexit and volatile market conditions, key decisions taken by the Board over the last twelve months, as discussed in more detail below, mean the Group is now in a much-improved position as we continue our path to sustainable profitability.

The financial statements contained within this report show reduced pre-exceptional operating losses of £24.7m (FY18: £26.2m) and improvements in the majority of our businesses at both an operating and profit before tax level, providing a more solid platform for future profit. However, as a result of exceptional items in Bibby Marine Limited, related to HydroMap, our loss before tax increased from £26.5m in FY18 to £29.7m.

Three of our businesses – Costcutter Supermarkets Group, Garic Limited and Bibby Supply Chain Services – all grew their operating profit year on year whilst Bibby Marine and Bibby Financial Services suffered trading setbacks.

Costcutter Supermarkets Group successfully achieved its 2019 growth targets, delivering the largest increase in profit in its 33-year history, from an operating loss of £9.3m in 2018 to an operating profit of £3.2m in 2019. 2018 included c.£2.2m of transition costs to Co-op following the collapse of Costcutter's main supplier, Palmer & Harvey in November 2017.

Sector leading commercial offers, coupled with a determination to help independent retailers thrive, have helped deliver significant sales increases and operating profit growth. Successful supply chain integration, utilisation of third-party Co-op branded products, raising standards amongst retailers via its Shopper First programme and innovations including a partnership with Uber Eats have contributed to a marked increase in both retail and wholesale sales.

	2019 £000	2018 £000
Turnover	426,486	386,963
Operating profit/(loss)	3,151	(9,268)

Bibby Supply Chain Services (including Bibby Distribution and Bibby International Logistics) delivered an improved performance in 2019. Bibby Distribution's turnover reduced by just over 10% from 2018, but the trading performance improved from an operating loss of £6.5m in 2018 to a loss of £1.5m in 2019. This progress was driven by overhead savings, reducing the fixed cost base of business operations, moving from a regional operating model to a service-based offering, exit from milk operations and the strengthening of the operational management team.

The team were rewarded with a series of prestigious health and safety and environmental awards in 2019, with Bibby Distribution now operating a 100% Euro VI fleet, significantly reducing its environmental impact and ensuring its trucks can operate sustainably anywhere in the country.

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	2019 £000	2018 £000
Turnover	170,175	192,416
Operating loss	(1,474)	(6,494)

Garic reported an operating profit of £1.7m in 2019, which was £0.9m ahead of the previous year. Turnover increased by 24% which was achieved by increased penetration of the company's core road, rail and infrastructure contractor markets, a record level of new product sales and strong revenues from servicing hire assets at customer sites, including its Falkirk depot which opened in 2019. Nigel Quinn became CEO in March 2019, joining the business from Bibby HydroMap.

	2019 £000	2018 £000
Turnover	33,995	27,345
Operating profit	1,695	763

Bibby Financial Services continued to see good revenue growth across UK and Europe in 2019 but headwinds faced by our North American business, along with three large bad debts, significantly impacted profitability, resulting in an operating loss of £11.3m (FY18 restated: £3.6m profit).

The BFS Board, in consultation and agreement with the BLG Board, reviewed the accounting approach in a number of areas across BFS initially instructing PwC, as internal auditors, to support the review and to validate BFS' findings, including a more detailed forensic review of the BFS Balance Sheet by PwC. Following changes to the company's finance team, as detailed in note 29, the Directors concluded that a restatement of the 2018 financial statements was required, resulting in an amended 2018 profit before tax total of £3.6m (previously £15.0m).

The BFS Board also requested a comprehensive financial controls review, supported by PwC as internal auditor, with a number of enhanced controls being implemented over the 2020 financial year. The implementation of these controls is being actively monitored by the Audit and Risk committee.

In response to the 2019 financial performance and the continued difficult trading conditions, BFS has already taken measures to improve profitability, including the sale of its North American business in February 2020, a restructure of the UK operations and central support functions and a review of investment spend.

The reputation of the business remains excellent with overall customer satisfaction sitting at an impressive 86%. The company also continues to be a great place to work – coming 72nd in The Times Top 100 Companies to Work For. The company's 7th consecutive placement in the top 100 and ninth time since 2010.

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	2019 £000	(As restated) 2018 £000
Turnover	177,584	176,832
Operating profit/(loss)	(11,310)	3,618

Bibby Marine Limited had a difficult year in 2019. The highlight was the launch of WaveMaster Horizon in October, which commenced a 10-year charter contract with Siemens Gamesa from 1 November, contributing to improved turnover in the WaveMaster business. Bibby Maritime had a mixed year with 91.8% utilisation of the three barges based in Europe (FY18: 53.0%) but no long-term charters for the Asian based barges.

HydroMap however had an extremely difficult year. A combination of unprecedented weather in the fourth quarter, mechanical failure and an onerous contract created a substantial loss before tax. The move of windfarms further offshore (given the HydroMap vessels are more suited to nearshore work), together with the arrival of Covid-19, led the HydroMap Directors to take the decision to place the company into administration on 3 April 2020. This resulted in a write down of HydroMap assets and increased Marine's 2019 operating loss by a further £4.2m.

	2019 £000	2018 £000
Turnover	27,173	36,170
Operating (loss)/profit (pre-exceptional items)*	(8,430)	567
Operating (loss)/profit	(12,618)	567

Group Financial Performance:

Key financial performance indicators during the year in respect of the consolidated performance were as follows:

	2019 £000	(As restated) 2018 £000
Turnover	835,413	821,990
Operating loss (pre-exceptional items)*	(24,694)	(26,241)
Operating loss	(28,882)	(26,241)
Loss before tax	(29,704)	(26,489)

For the year ended 31 December 2019, the Group delivered a loss before tax of £29.7m compared to a restated prior year loss before tax of £26.5m. The 2019 results were materially affected by difficult trading conditions in Bibby Financial Services and Bibby HydroMap. The actions in both companies noted above will ensure they are able to return to more sustainable operating models.

*Exceptional items details in note 6

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BLG also continued to make changes to the Executive team with Jonathan Lewis appointed Chief Financial and Strategy Officer in July 2019. Paul Drechsler retired at the end of his second term as Chairman with effect from 19 June 2020 and has been replaced by Sir Michael Bibby Bt. DL. Caroline Hoare also resigned from the Board with effect from 28 October 2020.

2020 Outlook:

The impact of Covid-19 has led to an unprecedented economic downturn in 2020. Market conditions remain challenging and we are mindful that we are operating in extremely uncertain economic times together with no current trade agreement with the EU at the end of the Brexit transition period on 31 December 2020.

Our focus in 2020 has been on the welfare of our colleagues, our customers and ensuring the Group has sufficient liquidity to see us through the downturn and we have adjusted our plans accordingly. Costcutter, Garic and Bibby Distribution have all performed well year-to-date and are trading above 2019 profit levels.

The government-led economic stimulus and help packages have had a material adverse impact on Bibby Financial Services across Europe and particularly the UK. However, we believe the business is well positioned for the economic recovery when it comes.

Furthermore, the sale of the Distribution business in December 2020 has strengthened the liquidity position of the Group, allowing time for the Financial Services business to recover.

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Principal Risks and Uncertainties:

This section highlights the principal risks and uncertainties that affect the Group, together with the key mitigating activities in place to manage those risks. This does not represent a comprehensive list of all of the risks that the Group faces but focuses on those that are currently considered to be the most relevant.

The Board have considered the losses that have been incurred and believe that events arising in risk areas group composition and liquidity have contributed to the losses. The Board is focused on the mitigation actions noted below as well as enhancements to process and controls currently being implemented and will continue to monitor business performance accordingly.

NOTE: Numbers below link to the Corporate Strategic Objectives on page 5.

Risk Area	Principal Risks and Uncertainties	Mitigation
Strategic	Group Composition An imbalance in the portfolio may leave the Group with too much risk, or create over-dependence on one sector/country <u>Relevant Corporate Strategic Objectives:</u> 1 & 2	<ul style="list-style-type: none"> The annual review of operating plans by the BLG Board and Executive includes the desired shape of the portfolio with regard to both present market conditions and future expectations. Investment and divestment plans are appraised with reference to the shape of the target portfolio. There is no cross-contamination of liabilities / guarantees between subsidiaries and BLG.
	Reputation An event occurs which adversely affects the BLG brand and affects our divisional operations <u>Relevant Corporate Strategic Objectives</u> 1, 2, 3, 4, 5, 6 & 7	<ul style="list-style-type: none"> BLG's values are integral to the way the Group does business and we expect all staff to do the right thing. Risks with a potential reputational impact are identified on the relevant Group and Divisional risk registers and appropriate controls are in place including an escalation procedure to the BLG Group Board. All new business opportunities are risk assessed including potential impact on reputation.
Operational	Regulation The Group and its business fail to comply with legislation in all territories that it operates in, including but not limited to employment, competition, anti-bribery and corruption, money laundering, GDPR, statutory financial reporting, tax rules etc. <u>Relevant Corporate Strategic Objectives</u> 4	<ul style="list-style-type: none"> The BLG Board and divisional boards take their responsibilities very seriously and recognise that a breach of any regulation can lead to reputational damage and financial damage to the Group. Legal teams in the larger divisions monitor legislative changes and external advisors are used in the smaller divisions to provide advice and guidance. In addition, policies and procedures are in place to inform and educate staff on their roles and responsibilities in respect of complying with regulation and/or legislation. External specialist advice on compliance with emerging / changing legislation. Lobbying of Government via links with UK Finance, BRC, IOSH.

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Risk Area	Principal Risks and Uncertainties	Mitigation
Operational (cont.)	<p>Brexit</p> <p>Failure to prepare for the UK's departure from the EU causes disruption and creates uncertainty in our businesses which could have an adverse effect on our financial results and operations</p> <p><u>Relevant Corporate Strategic Objectives</u> 2</p>	<ul style="list-style-type: none"> Divisions have assessed their business plans based on various scenarios and as further details of the terms of the departure from the EU emerge, we / they will continue to assess and monitor the potential risks and impacts of these on our businesses, customers and colleagues and take appropriate measures. In addition, there is on-going monitoring of developments and government announcements by the divisional and BLG Boards and the BLG strategy team.
	<p>Environment and Climate Change</p> <p>There is an increased level of interest in disclosures on climate change management. Failure to report in line with regulations or key recommendations could expose BLG to penalties and reputational damage.</p> <p><u>Relevant Corporate Strategic Objectives</u> 5</p>	<ul style="list-style-type: none"> All BLG businesses have established suitable measurements to track their environmental performance and improvement over time. These measurements are related to the relevant significant environmental impacts of each business and their performance is reported to the Divisional and BLG Board at least annually.
	<p>Data security and data privacy</p> <p>A security breach leading to loss of customer, colleague or confidential data results in reputational damage, fines or other adverse consequences, including criminal penalties and consequential litigation.</p> <p><u>Relevant Corporate Strategic Objectives</u> 1, 2, 6 & 7</p>	<ul style="list-style-type: none"> The Audit and Risk Committee approved the adoption of Cyber Essentials as the Group's preferred method for information security with all subsidiaries aiming to achieve compliance by the end of 2020. Annual and refresher Cyber and GDPR training in place for colleagues in all subsidiaries. Business continuity policies / plans and disaster recovery plans are in place for Group and the Divisions including incident response plans to manage the recovery of IT and operational services in the event that a security incident occurs. A Group wide Cyber insurance policy is also in place.
People	<p>People / Talent</p> <p>Failure to recruit or retain talent within BLG or a subsidiary could result in business underperformance.</p> <p><u>Relevant Corporate Strategic Objectives</u> 1, 3 & 6</p>	<ul style="list-style-type: none"> The Remuneration Committee sets the remuneration packages of senior executive staff and divisional chief executives with regard to the external market and aligns the remuneration to the results of the business through the annual and long-term bonus arrangements Regular appraisals are undertaken to provide feedback and identify development needs and opportunities, which are delivered through bespoke and business-wide development programmes
	<p>Health & safety</p> <p>Some of our people work in potentially hazardous situations, where failure to protect our staff, customers and the public could injure those involved, breach our own objectives, laws and regulations, and result in financial penalties, and possible imprisonment.</p> <p><u>Relevant Corporate Strategic Objectives</u> 4 & 7</p>	<ul style="list-style-type: none"> Due to the diverse nature of our operations this risk is managed within each division with systems appropriate to each industry. Our businesses have appropriate health and safety policies, with rigorous reporting mechanisms for informing their board of both incidents and near-misses, together with continuous improvement feedback processes for continuous improvement, backed up by external audits in many of the businesses.

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Risk Area	Principal Risks and Uncertainties	Mitigation
People (cont.)	Health & Safety (cont.)	<ul style="list-style-type: none"> A standardised health and safety report is issued to the BLG Board on a monthly basis reporting on health and safety key performance indicators.
	Covid-19 / Pandemic One or more of our businesses is impacted by a pandemic. <u>Relevant Corporate Strategic Objectives</u> 4 & 7	<ul style="list-style-type: none"> The safety and well-being of our people and customers is our number one priority. We have dedicated divisional management teams in place managing our response to Covid-19 including business & financial impact plans, identifying opportunities, keeping our people safe and secure, etc. <p>Weekly Board reporting detailing the risk to business performance and people</p> <p>We have ensured that we have the appropriate IT infrastructure in place to support remote working, and that our colleagues can do this safely and that their well-being is supported whilst working from home.</p>
Financial	Group Liquidity Divisions financially underperform resulting in dividends not being paid to BLG, BLG are unable to cover costs including Shareholder dividend payments and value creation is curtailed threatening investment in future projects. <u>Relevant Corporate Strategic Objectives</u> 1	<ul style="list-style-type: none"> The Group reviews weekly, monthly, annual and 3 years' cash flow forecasts to identify cash requirements. Monthly review of results by BLG Finance, BLG Exec and the Board and appropriate actions taken in respect of market / commercial impacts on any of our businesses Review and approval by the BLG Board of the subsidiaries Annual Operating Plans which includes working capital management / liquidity plans Tight control and management of BLG Company only costs Range of liquidity actions taking place The Group manages its significant foreign exchange trading exposures through forward contracts. The Group Treasury policy states that to manage foreign exchange translation risk, wherever possible divisions should seek to naturally hedge translation risk by borrowing in the same currency as the asset. The Group holding company, BLG, is financed by dividends paid by the divisional trading companies. The Group holding company aims to maintain sufficient cash to meet all contractual obligations and dividend payments for at least the next 12 months, with surplus cash available for reinvestment in the divisions.
	Pensions Deficit There is a risk that future financial performance of the schemes will underperform expectations leading to increased deficit payments. <u>Relevant Corporate Strategic Objectives</u> 1	<ul style="list-style-type: none"> The BLG Pension Fund is closed to new entrants and future accrual, limiting the gross liabilities to which the Group is exposed. The currently agreed deficit contributions to both the BLG Pension Fund and the Merchant Navy Officers Pension Fund (MNOFF) (see note 25) are included within the cash flow forecasts of the Group when calculating future headroom on facilities.

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Financial (cont.)	Pensions Deficit (cont.)	<ul style="list-style-type: none"> • The MNOPF is a multi-employer defined benefit pension scheme for the maritime industry (also now closed to new entrants and future accrual) and the Group has agreed funding contribution levels with the scheme until the next actuarial valuation (see note 25). • The Group has previously participated in the Merchant Navy Ratings Pension Fund (MNRPF) and exited the scheme in 2004, paying the agreed section 75 charge at the time. Remaining contributions are provided for within the accounts (see notes 18 and 25). • Professional advice obtained to manage and reduce deficit and to reduce risk • Review of flexible retirement options • 10 year contribution plan agreed with the Trustees for the BLG Pension Fund.
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Section 172(1) statement:

The BLG Board of Directors consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s.172 (1)(a-f) of the Companies Act) in the decisions taken during the year ended 31 December 2019.

The Directors give careful consideration to the factors set out in s.172 (1)(a-f) of the Companies Act in discharging their duties. The stakeholders we consider in this regard are our employees, our subsidiary businesses, our shareholders, our customers and suppliers, our funders and the local communities in which we are located.

The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way.

BLG always looks to support its investments and has a good history of doing so to protect employees and suppliers however, for the benefit of the long term success of the Group equally it has had to take difficult decisions as a last resort.

The section below covers how the directors of the company have acted in the way they have considered, in good faith, to most likely promote the success of the company for the benefit of its members as a whole, and in doing so have regarded (amongst other matters):

(a) The likely consequences of any decision in the long-term

The Group is 90% owned by the Bibby family, principally through family trusts. The Group's purpose is to grow the long-term value of the Group. As custodians of the family business for future generations, the purpose, whilst guided by our shared values, is to create a diverse Group of innovative companies that develop colleagues, delight customers and give back to communities.

The nature of the shareholding enables the Group to take a long-term view of its trading businesses and provides the rationale for diversification within the portfolio.

Long-term strategic opportunities are captured in the annual Group Operating Plan process which is presented to the Group Board every year and covers a three-year horizon. Short-term opportunities to improve performance, resilience and liquidity are captured through monthly and quarterly performance

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review meetings with each business, which are attended by the Group Chief Executive Officer and the Group Chief Financial & Strategy Officer.

The strong governance structure in place within the Group, as highlighted in detail on pages 22-25, has also been cascaded to the subsidiary Boards to ensure clarity on decisions requiring subsidiary, and BLG, Board approval.

A long-term incentive plan is in place for the executive directors of the Group Board and certain senior employees in the central team, to assist in the delivery of long-term objectives.

As highlighted within our values, we do everything possible to look ahead, to anticipate customer needs and deliver innovative solutions.

(b) The interests of the company's employees

As stated on page 5 of the Strategic Report, our values are core to the way in which we do business. Our colleagues are the most important part of our business and we deliver on our objectives by living our values. Our aim is to give colleagues the right tools and training for their job, and support and trust them to carry out their role in a professional and customer-focused way in line with our values.

In 2019 we undertook employee engagement surveys across each business to ensure we are listening to, engaging with and developing our colleagues. In 2019, we were also able to convert scores from each of our businesses into a Group cultural index score of 4.1 (out of 5) placing the Group in the 'Excellent' category.

In 2019 we also evolved our Inclusion and Diversity ('I&D') Programme including director sponsors, an I&D statement and policy in place for each business, introducing a baseline for measuring further I&D improvements, promoting learning modules (such as unconscious bias and inclusive leadership) and a calendar of Group-wide events to celebrate our inclusive culture.

BLG ran its Group-wide leadership development programme 'Accelerate' for the second year running in September 2019. The course has been designed to develop key skills in our next generation of leaders, whilst identifying opportunities for the business to develop further.

We also initiated specific employee-led projects focusing on employee induction and mentoring, with the aim of improving these areas across the Group.

(c) The need to foster the company's business relationships with suppliers, customers and others

As highlighted in our values, we seek to understand the goals of our businesses, customers, suppliers and people and we work together as a team.

The Group's principal trading subsidiaries use external Net Promoter Scores and Trustpilot ratings to support strong service level provision to their customers.

The Group communicates openly with the BLG Pension Trustee Board, providing trading updates at least twice a year.

BLG also provides regular financial information and business updates to its main relationship banks, credit reference agencies and main third-party advisors to ensure those parties have a detailed understanding of the business.

(d) The impact of the company's operations on the community and the environment

The Group is committed to being a responsible organisation and minimising environmental impact, creating safe places for our people to work and develop, and supporting our communities.

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- Safety, Health, Environment and Quality (SHEQ) is considered fundamental to our business success and our colleagues' wellbeing. A cross-Group committee works to ensure that our SHEQ standards improve year-on-year. The Group encourages carbon offsetting to compensate for some of our emissions, funding carbon dioxide reductions elsewhere. The Group also supports efforts to reduce the impact on the environment by eliminating unnecessary business travel and making best use of technology to communicate across the Group. The Group expects each subsidiary to present an environmental report to their Board on an annual basis.

2019 highlights include Bibby Distribution reporting a net carbon reduction of 10 per cent over the last five years through proficient driving, fleet investment and energy efficient warehouses, with the company now operating a 100% Euro VI fleet, significantly reducing its environmental impact and ensuring its trucks can operate sustainably anywhere in the country. Both Bibby Distribution and Garic achieved a Gold RoSPA award in recognition of their outstanding health and safety achievements. Garic continues to lead the way in designing and manufacturing the most advanced, environmentally friendly and cost-effective products with their innovative Eco Product range. Five companies also joined the Big Blue Ocean Clean-up partnership, with employees volunteering to clean up plastic from local beaches.

- The Giving Something Back (GSB) Programme, now in its 12th year, supports employees to fundraise and volunteer for causes close to their hearts, including match funding support. In 2019, with the support of BLG, colleagues raised over £237k for over 150 charities across the world, bringing our overall total donated via the award-winning GSB Programme over 12 years to £10.3m. In recognition of this commitment to charity and communities, BLG was grateful to accept the Outstanding Charity Support Award on behalf of colleagues at The Echo Regional Business Awards in June 2019.
- The GSB Central Events Programme enables employees from across the Group to take part in challenges to maximise fundraising opportunities. In 2019, employees from across the Group and Bibby family members participated in two Group events, climbing Mount Snowdon at midnight and a 3-day, 55km trek across Iceland, raising over £35k for their chosen charities.

(e) The desire of the company to maintain a reputation for high standards of business conduct

The Bibby values provide an important guiding framework for decisions and actions.

The BLG Board of Directors ensure that appropriate processes are in place to recruit and employ suitably qualified and trained employees within each business as well as taking key decisions regarding investment for the future.

The audit committee helps to ensure that high standards are maintained through its review of the application of corporate governance, corporate reporting, risk management, and internal control activities, led by the internal audit function. This includes overseeing the relationship with the Group's external auditor.

If issues are detected, the BLG Board react quickly to support the business in seeking answers, working with external parties where specific expertise is required, and correcting (as demonstrated by the BFS restatement highlighted in the Director's Report on page 19 and in note 29).

(f) The need to act fairly as between members of the company

The BLG Board of Directors understands the need to act fairly between members of the company. We engage with our shareholders through a number of channels which include the annual report, AGM and trading updates, and are responsive to all questions from shareholders.

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Strategic Report

Key decisions in the year

In November 2019, following feedback from colleagues for a better working environment, BLG successfully relocated over 150 colleagues from four Bibby businesses to new Liverpool headquarters at Walker House, Exchange Flags in the heart of the city's Commercial District. The new space offers colleagues a modern working environment and the latest technology to improve collaboration, engagement and productivity.

The ongoing costs of maintaining the premises at Duke Street were taken into consideration as part of the decision making process and it was concluded that it would be more cost efficient in the long-term for the property to be sold and for BLG to seek new leased premises.

Employee representatives from each of the businesses were consulted when designing the new floor plates as well as coordinating the move process. The wishes of the family to retain the company's historic links with Liverpool and to incorporate the timeline and some of the family artefacts into the new design were carefully considered.

Approved by the Board on 17 December 2020 and signed on its behalf by:



.....
Janine Al-Kazaz

Bibby Bros. & Co. (Management) Limited

Company Secretary

Duly Authorised Signatory
For and on behalf of
Bibby Bros. & Co. (Management)
Limited, SECRETARY

Bibby Line Group Limited

Directors' Report

The directors present their annual report and audited consolidated financial statements for the year ended 31 December 2019.

Details of the principal activities, future developments, business review and corporate responsibility are included within the Strategic Report on pages 5-16.

Directors of the Group:

The directors who held office during the year and thereafter were as follows:

Sir Michael Bibby Bt. DL - Chairman

John Cresswell – Chief Executive Officer

Jonathan Lewis (appointed 25 July 2019)

Mark Lyons (resigned 25 September 2019)

David Anderson

Geoffrey Bibby

Paul Drechsler (resigned 19 June 2020)

Caroline Hoare (resigned 28 October 2020)

Paul Drechsler stepped down as Chairman with effect from 19 June 2020 and was replaced by Sir Michael Bibby Bt. DL.

Directors' liabilities:

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in place during the year and remain in force at the date of this report. Similar provisions are in place for directors of all subsidiaries within the Group.

Group Results:

The Group loss for the year after taxation amounts to £25.3m (2018 restated: £28.8m loss). The 2018 financial statements of both BLG and Bibby Financial Services have been restated negatively by £11.4m.

After taking account of movements through the statement of changes in equity, total shareholders' funds have reduced from £199.9m to £167.5m. A review of the Group's results is shown on pages 6-9.

Going concern statement:

The Directors have a reasonable expectation that BLG has adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

In reaching this assessment the Directors considered the financial statements, the Group's budget, operating plan and updated forecasts. Most importantly, the Directors considered the completion of the disposal of the Distribution business and its significant contribution to the Group liquidity position. At the time of signing the BLG cash balance was c. £20m, which is more than double the expected annual running costs of BLG, including pension contributions.

Bibby Line Group Limited

Directors' Report

Additionally, Group have secured credit approval for the refinance of the Junior Note in respect of the WaveMaster Horizon vessel which will provide additional liquidity to BLG.

Further details regarding the adoption of the going concern basis can be found in the Accounting Policies in the note 1c of the Financial Statements.

Matters included in the Strategic Report:

In accordance with s414C(11) of the Companies Act 2006, included within the Strategic Report is information relating to the future development of the business, charitable donations, and the financial instruments policies and risks of the business, which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 'to be contained in the Directors' report. The Strategic report, specifically the s172 statement, includes the following information:

- i) how the Directors have engaged with employees; and
- ii) how the Directors have had regard to employee interests, and the effect of that regard, including on the principal decisions taken by the Group during the financial year.

The Strategic report also contains information on how the Directors have had regard to the need to foster the Group's business relationships with suppliers, clients and others, and the effect of that regard, including on the principal decisions taken by the Group during the financial year.

Bibby Line Group Limited

Directors' Report

Prior year adjustment:

In 2019, at the direction of the BLG Board and following senior organisational changes within Bibby Financial Services ('BFS'), internal reviews in the year indicated the material misstatement of a number of accounting balances within the BFS (and therefore Group) financial statements.

The BFS Board, in consultation and agreement with the BLG Board, reviewed the accounting approach in a number of areas across BFS initially instructing PwC, as internal auditors, to support the review and to validate BFS' findings. As a result of this review, PwC were instructed to undertake a more detailed forensic review of the BFS Balance Sheet. The investigation concluded, and the BFS Board agreed, that a restatement of the BFS 2018 financial statements was required, in accordance with FRS 102 Section 10 – Accounting Policies, Estimations and Errors. Given the materiality of the BFS business to the Group as a whole, the BLG Board also agreed that a restatement of the BLG 2018 Consolidated financial statements was required.

This restatement has increased the Group loss before tax for the year ended 31 December 2018 from £15.1m to £26.5m. Further disclosure is provided at note 29 of the Financial Statements.

The BFS Board (with BLG support) also requested a comprehensive financial controls review, supported by PwC as BFS' internal auditors, with a number of enhanced controls being implemented over the 2020 financial year. The implementation of these controls is being actively monitored by the Audit and Risk Committee and is largely complete.

In addition to the work undertaken within BFS, following the conclusion of the comprehensive financial controls review and restatement work, the BLG Audit Committee requested additional review work be undertaken in the other subsidiary businesses to determine whether any of the key issues identified were in existence elsewhere in the Group. The additional work did not identify any risk of material misstatement within the areas reviewed.

The BLG Audit Committee also requested that a root cause analysis be undertaken to determine how the requirement for a restatement within BFS occurred and what processes could be improved to minimise the risk of a future occurrence. The key findings identified a number of recommendations which are to be implemented during 2021 and their implementation will be monitored by the BLG Audit Committee. The recommendations included further strengthening of the oversight by BLG of the subsidiary businesses; developing the relationships between BLG and subsidiary finance teams to promote a culture of open communication and debate; improvement of the monthly and quarterly subsidiary review processes; and ensuring periodic reviews of accounting judgments and key financial processes, with the assistance of internal audit.

Adjusting events after the financial period:

Subsidiary company administration

Following a difficult year for Bibby HydroMap, in March 2020 the BLG Board determined it could no longer continue to fund losses in Bibby HydroMap given a continued lack of profitable charters. As Bibby HydroMap was unable to raise alternative funds, on 3 April 2020 Bibby HydroMap Ltd was placed into Administration. The 2019 results for this company have therefore been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the Company's assets to net realisable value.

As stated in the operational review, the Administration led to an impairment of Bibby HydroMap's assets to the sale value achieved by the Administrators, with a resulting £4.2m impact on consolidated Group profit before tax.

Bibby Line Group Limited

Directors' Report

Non-adjusting events after the financial period:

Coronavirus (Covid-19)

On 11 March 2020, the World Health Organisation declared the Coronavirus (Covid-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries affected. Many governments have taken increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the year ended 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, BLG cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future. Notwithstanding this, the diversity of the Group's portfolio, and exposure to Covid-19 resistant sectors (such as food, paper packaging and infrastructure) has provided a level of financial protection. This, coupled with support from our major lenders, should allow us to respond well to the challenges and opportunities that may arise. The Directors will continue to monitor the impact of the Covid-19 pandemic on the activities of the Group.

Disposals

Post year end BFS disposed of its North American business. The sale of the subsidiary group called Bibby Financial Services (Holdings), Inc. was completed on 29 February 2020. No adjustment has been made to the 2019 balance sheet as a result of the transaction.

Post year end BLG disposed of its Distribution business. The sale of the subsidiary group was completed on 11 December 2020. No adjustment has been made to the 2019 balance sheet as a result of the transaction.

Dividends:

An interim dividend of £61.15 per share to the holders of the £1,000 Ordinary shares was paid on 2 January 2019. No final dividend was paid during the remainder of 2019.

An interim dividend of £207.64 per share to the holders of the £1 Ordinary A shares was paid on 2 January 2019. No final dividend was paid during the remainder of 2019.

Financial instruments:

As highlighted within the Strategic Report, policies are in place to effectively manage the financial risks, with the most significant considered to be liquidity risk, capital adequacy, finance cost risk and credit risk. In each case, the risk is managed by matching assets and liabilities on the relevant basis.

Disabled employees:

It is the policy of the Group to ensure that all sections of the community have an equal opportunity in matters related to employment including giving full and fair consideration to applications for employment made by disabled persons. If any employee becomes disabled whilst employed by a group company, every effort is made to find suitable continuing employment, with re-training as necessary. Disabled persons share equally in the opportunities available for training, career development and promotion.

Bibby Line Group Limited

Directors' Report

Research and development:

Bibby Financial Services has dedicated in-house change management and software design and development teams with primary focus on Digital and Information Technology. Costs relating to the development of digital technology are capitalised if they relate to internal capital projects.

Costcutter have invested significantly in marketing related technology to lead the way in the sector in utilisation of data and insights to help their independent retailers thrive. Their 'Shopper First' business growth programme provides retailers with bespoke, actionable insights to help them tailor their offer, range, local marketing and investment decision to drive basket spend and footfall.

In Garic, continued investment has been made into further development of innovative, eco-related products.

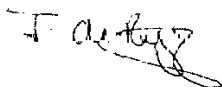
Auditors:

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 17 December 2020 and signed on its behalf by:



.....
Janine Al-Kazaz

Bibby Bros. & Co. (Management) Limited

Company Secretary

Duly Authorised Signatory
For and on behalf of
Bibby Bros. & Co. (Management)
Limited, SECRETARY

Bibby Line Group Limited

Statement of Corporate Governance Arrangements

The company is committed to and has applied the principles of corporate governance contained in the Wates Corporate Governance Principles for large private companies for the year ended 31 December 2019. Further explanation of how each principle has been applied is set out below.

Purpose and leadership:

An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.

Founded in Liverpool in 1807, we are one of the UK's oldest family owned businesses, with 213 years' experience of providing personal, responsive and flexible customer solutions.

As set out on page 5 our purpose is to grow the long-term value of the Group. Guided by our shared values, we are custodians of the family business for future generations, creating a diverse Group of innovative companies that develop colleagues, delight customers and give back to communities.

Our values are core to the way in which we do business. These are set out on page 5.

An overview of the Group's strategy and our corporate strategic objectives are also set out on page 5.

Board composition:

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

The Board of Directors is set out on page 17.

The Role of the Board is to work with management to review, challenge, and agree the strategy of the business, monitor progress against the strategy and review the mitigation of risks that may affect the execution of the strategy. The Board is collectively responsible for ensuring that the Group is well governed and there is an appropriate portfolio of companies to spread risk effectively. It also reviews trading performance, funding facilities, talent management, and maintains oversight of the Group's systems of risk management and internal control.

The Non-executive directors are responsible for bringing independent scrutiny and judgement to bear on the decisions taken by the Board. The Group has a separate Chairman and Chief Executive to ensure that the balance of responsibilities, accountabilities and decision making across the Group are effectively maintained.

The schedule of matters reserved for the Board includes the appointment of Group directors or divisional chief executives, significant acquisitions, significant capital expenditure or leases, financial guarantees and bank facilities, and changes to Group accounting policies.

The BLG Board met formally ten times during 2019, supplemented by regular executive team meetings, regular communication via email, and conversations between the Executive and Non-executive directors. During 2019 there was full attendance at all Board meetings.

Subsidiary Boards include at least one representative of the Group holding company as a Non-executive director, at least one of whom is an Executive director of BLG who chairs the Board. The Group Board is responsible for the appointment of the divisional Chief Executives who are granted significant autonomy as to how to run their division, with oversight from their divisional Board. The Group has cascaded the governance structure to the divisional Boards providing clarity on decisions requiring divisional, and Group Board approval.

Bibby Line Group Limited

Statement of Corporate Governance Arrangements

Directors' responsibilities:

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

The executive team is responsible for day to day management, with certain restrictions on their powers set out in the company's 'matters reserved for board approval' schedule.

The Independent Non-Executive Directors are wholly independent in that they have no business relationships with the company that might influence their independence or judgement.

We also have two family Directors, Sir Michael Bibby Bt. DL and Geoffrey Bibby. Geoffrey Bibby represents the interests of the major shareholders, and Sir Michael Bibby Bt. DL, acting as Chairman, represents the interests of all shareholders.

Each Board member has a clear understanding of their accountabilities and responsibilities. The Board receives a monthly performance report which contains key commercial and operational performance reporting, financial information and KPIs. The performance report facilitates Board discussion and engagement on key issues.

Of the ten Board meetings held in 2019, there were nine Board meetings with broad agendas and an annual two day meeting that solely focused on the review of the Group and divisional strategy as set out in the operating plans.

Certain governance responsibilities are delegated to the Audit and Risk Committee and Remuneration Committee. The Audit and Risk Committee's purpose is set out below and the Remuneration Committee's purpose is set out on page 24.

The Audit and Risk Committee's purpose is to review the application of corporate governance, corporate reporting, risk management, and internal control activities within the BLG and advise the Group Board on such matters. The audit committee also oversees the Group's relationship with the Group's external auditor. The Audit Committee has been involved from the outset in respect of the PwC investigation into the financial results of BFS (Project Hazel) as noted in the Director's Report on page 19 and in note 29. The Audit Committee have fully reviewed the recommendations presented in respect of Controls & Governance and Fraud Management. The internal audit plan for FY20 was amended as a response to the findings to ensure recommendations are implemented in a timely manner.

The audit committee members are the non-executive directors of the company (apart from the Chairman), who are considered to have appropriate financial expertise. The Chairman, External Auditor, Chief Executive Officer, Chief Financial and Strategy Officer and Head of Internal Audit are invited to attend meetings of the committee as required.

During 2019 the committee met six times, in line with the company's financial reporting cycle and to review the annual internal audit plan. There was full attendance by the committee members at all of the meetings. The audit committee reviewed the work of internal audit within BLG and met with the external auditors to review the completion of the 2018 statutory audit, confirm independence of the auditors, and the planning for the 2019 statutory audit.

The audit committee continually reviews the form of the Annual Report to ensure that it accurately meets the needs of its recipients, whilst at the same time properly reflects the Group's status as a private company.

Bibby Line Group Limited

Statement of Corporate Governance Arrangements

The audit committee has set guidelines for the pre-approval of all non-audit services to be provided by the external auditors. The audit committee reviewed the external audit fee arrangements and concluded that they are appropriate.

Following a competitive tender process ran during Q3 and Q4 of 2020, the Group has appointed Mazars LLP as its auditor for the Group and subsidiaries for the year-ending 31 December 2020.

Opportunity and risk:

A board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

Long-term strategic opportunities are captured in the annual Group Operating Plan process which is presented to the Group Board every year and covers a three year horizon. Short-term opportunities to improve performance, resilience and liquidity are captured through monthly and quarterly performance review meetings with each division, which are attended by the Group Chief Executive and the Group Chief Financial Officer.

Our Principal Risks and Uncertainties are detailed on pages 10-13. These are monitored and managed through the quarterly performance review meetings with each division and are reported to the Group Audit Committee.

The Board approved the implementation of an updated risk management framework, which includes the definition of risk appetite, which was implemented during 2019.

Remuneration:

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

The Board delegates responsibility for the remuneration of holding company executive directors, any subsidiary business Chief Executive Officer, and other senior managers with salary over a certain level to the Remuneration Committee.

The Remuneration Committee's purpose and guiding principles is to review and approve the remuneration (including all salary, bonus and other benefits) of the holding company executive directors, any subsidiary business Chief Executive Officer, and other senior managers with salary over a certain level. The members of the remuneration committee are the Non-Executive Directors of the company except the Chairman. The Group CEO and HR Director are in attendance at each Remuneration Committee meeting, and the Chairman is also invited to attend.

The Remuneration Committee met six times during 2019. There was full attendance throughout the year.

In determining these remuneration packages the committee has regard to:

- the importance of recruiting and retaining management of the quality required;
- aligning the objectives of management with those of the shareholders; and
- giving every encouragement to enhancing the Group's performance through innovation and achievement in the very competitive markets in which the Group operates.

All executive directors have service contracts with the company which are terminable within six months by either party. Details of director remuneration are given in note 8 to the financial statements.

Bibby Line Group Limited

Statement of Corporate Governance Arrangements

The Group operates a long-term incentive plan for the executive directors of the Group Board, senior employees in the central team and certain executive directors and key employees of the main operating subsidiaries.

A long-term incentive plan covering the period from 2018 to 2021 was introduced for the executive directors of the Group Board and certain senior employees in the central team. The scheme is based on the delivery of financial and non-financial objectives with payment being distributed over a five year period.

Stakeholder relationships and engagement:

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

The Group is committed to being a responsible organisation, including minimising environmental impact, creating safe places for our people to work and develop, while supporting our communities, as explained in our s.1/2 Statement on pages 13-16.

As also described on pages 13-16, the Group continually develops effective employee communication, consultation and involvement. Colleague engagement surveys are completed in all trading divisions with the results and related actions being reviewed at the Quarterly Performance Reviews.

The Group's principal trading divisions use external Net Promotor Scores and Trustpilot ratings to support strong service level provision to their customers.

The Group communicates openly with the BLG Pension Trustee Board, providing trading updates not less than twice a year.

Bibby Line Group Limited

Directors' Responsibilities Statement

For the year ended 31 December 2019

The Directors are responsible for preparing the Annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. 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 apply them consistently;
- make judgements and accounting 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 adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bibby Line Group Limited

Independent Auditor's Report to the Members of Group Limited

For the year ended 31 December 2019

Report on the audit of the financial statements

Opinion:

In our opinion the financial statements of Bibby Line Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and company balance sheets;
- the consolidated and company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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:

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Bibby Line Group Limited

Independent Auditor's Report to the Members of Group Limited

For the year ended 31 December 2019

Other information:

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

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 respect of these matters.

Responsibilities of directors:

As explained more fully in the directors' responsibilities statement, 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 control 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 group's and the parent 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 group or the parent 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements:

Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Bibby Line Group Limited

Independent Auditor's Report to the Members of Group Limited

For the year ended 31 December 2019

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

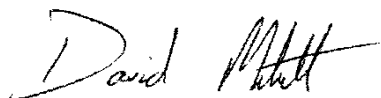
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

Use of our 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.



David Mitchell (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Liverpool, United Kingdom

17 December 2020

Bibby Line Group Limited

Consolidated Profit and Loss Account

For the year ended 31 December 2019

			(As restated*)
	Note	Total 2019 £000	Total 2018 £000
Turnover	3	835,413	821,990
Cost of sales		(776,146)	(757,172)
Gross profit		59,267	64,818
Administrative expenses		(88,149)	(91,059)
Operating loss before exceptional items		(24,694)	(26,241)
Exceptional items	6	(4,188)	-
Operating loss		(28,882)	(26,241)
Profit/(loss) on disposal of fixed assets	5	1,986	(123)
Profit on disposal of subsidiary	5	900	3,299
Loss on ordinary activities before interest		(25,996)	(23,065)
Finance cost (net)	4	(3,708)	(3,424)
Loss on ordinary activities before taxation		(29,704)	(26,489)
Taxation on loss on ordinary activities	9	4,368	(2,295)
Loss for the financial year		(25,336)	(28,784)
Attributable to:			
Non-Controlling interests		-	-
Equity shareholders		(25,336)	(28,784)
		(25,336)	(28,784)

* Restatement detail provided in note 29 of these financial statements
The notes on pages 37 to 79 form an integral part of these financial statements.

Bibby Line Group Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

		2019	(As restated*)
	Note	£000	2018 £000
Loss for the financial year		(25,336)	(28,784)
Remeasurement of net defined benefit on pension liabilities	25	(3,080)	(352)
Currency translation difference on foreign currency net investments		(3,425)	1,077
Deferred tax credit on items of other comprehensive income		524	60
Total comprehensive expense for the year		(31,317)	(27,999)
Total comprehensive income for the year attributable to:			
Non-controlling interest		-	-
Equity shareholders of the Company		(31,317)	(27,999)

* Restatement detail provided in note 29 of these financial statements
The notes on pages 37 to 79 form an integral part of these financial statements

Bibby Line Group Limited

Consolidated Balance Sheet

As at 31 December 2019

		2019	(As restated*)
	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	11	43,704	44,044
Tangible assets	12	140,634	131,873
Investments	10	149	149
		<u>184,487</u>	<u>176,066</u>
Current assets			
Stock	13	3,730	4,275
Debtors	14	1,178,796	1,217,423
Cash and cash equivalents		75,081	73,152
		<u>1,257,607</u>	<u>1,294,851</u>
Creditors: Amounts falling due within one year	15	<u>(412,073)</u>	<u>(382,678)</u>
Net current assets		<u>845,534</u>	<u>912,172</u>
Total assets less current liabilities		<u>1,030,021</u>	<u>1,088,238</u>
Creditors: Amounts falling due after more than one year	16	<u>(853,368)</u>	<u>(878,474)</u>
Provisions for liabilities and charges	18	(3,328)	(5,101)
Net pension liability	25	<u>(5,855)</u>	<u>(4,754)</u>
Net assets		<u>167,470</u>	<u>199,909</u>
Capital and reserves:			
Called-up share capital	20	18,005	18,005
Other reserves	20	275	275
Profit and loss account		149,190	181,629
Total shareholders' funds		<u>167,470</u>	<u>199,909</u>

The financial statements of Bibby Line Group Limited were approved by the board of directors and authorised for issue on 17 December 2020. They were signed on its behalf by:



Jonathan Lewis Director

* Restatement detail provided in note 29 of these financial statements
The notes on pages 37 to 79 form an integral part of these financial statements

Bibby Line Group Limited

Company balance sheet

As at 31 December 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	12	34	1,618
Investments	10	75,600	77,000
		<u>75,634</u>	<u>78,618</u>
Current assets			
Debtors	14	43,113	30,311
Cash at bank and in hand		6,307	7,275
		<u>49,420</u>	<u>37,586</u>
Creditors: Amounts falling due within one year	15	<u>(45,378)</u>	<u>(33,649)</u>
Net current assets		<u>4,042</u>	<u>3,937</u>
Total assets less current liabilities		<u>79,676</u>	<u>82,555</u>
Creditors: Amounts falling due after more than one year	16	(154)	(400)
Provisions for liabilities and charges	18	(649)	(1,512)
Net pension liability	25	<u>(5,822)</u>	<u>(4,700)</u>
Net assets		<u>73,051</u>	<u>75,943</u>
Capital and reserves:			
Called-up share capital	20	18,005	18,005
Other reserves	20	275	275
Profit and loss account		<u>54,771</u>	<u>57,663</u>
Total shareholders' funds		<u>73,051</u>	<u>75,943</u>

The company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

The company has made a profit for the financial year of £786,000 (2018: £18,128,000).

The financial statements of Bibby Line Group Limited (registered number 00034121) were approved by the board of directors and authorised for issue on 17 December 2020. They were signed on its behalf by:



Jonathan Lewis Director

Bibby Line Group Limited

Consolidated Statement of Changes in Equity

	Called-up share capital £000	Capital redemption £000	Profit and loss account £000	Total £000
At 1 January 2019	18,005	275	181,629	199,909
Loss for the financial year	-	-	(25,336)	(25,336)
Currency translation differences	-	-	(3,425)	(3,425)
Remeasurement of net defined benefit pension liabilities	-	-	(3,080)	(3,080)
Tax relating to items of other comprehensive income	-	-	524	524
Total comprehensive expense	-	-	(31,317)	(31,317)
Dividends paid on equity shares	-	-	(1,122)	(1,122)
At 31 December 2019	18,005	275	149,190	167,470

	Called-up share capital £000	Capital redemption £000	Profit and loss account £000	(As restated*) Total £000
At 1 January 2018	18,005	275	212,921	231,201
Loss for the financial year	-	-	(28,784)	(28,784)
Currency translation differences	-	-	1,077	1,077
Remeasurement of net defined benefit pension liabilities	-	-	(352)	(352)
Tax relating to items of other comprehensive income	-	-	60	60
Total comprehensive income	-	-	(27,999)	(27,999)
Dividends paid on equity shares	-	-	(3,293)	(3,293)
At 31 December 2018	18,005	275	181,629	199,909

* Restatement detail provided in note 29 of these financial statements
The notes on pages 37 to 79 form an integral part of these financial statements

Bibby Line Group Limited

Company Statement of Changes in Equity

	Called-up share capital £000	Capital redemption £000	Profit and loss account £000	Total £000
At 1 January 2019	18,005	275	57,663	75,943
Profit for the financial year	-	-	786	786
Remeasurement of net defined benefit pension liabilities	-	-	(3,080)	(3,080)
Tax relating to items of other comprehensive income	-	-	524	524
Total comprehensive expense	-	-	(1,770)	(1,770)
Dividends paid on equity shares	-	-	(1,122)	(1,122)
At 31 December 2019	<u>18,005</u>	<u>275</u>	<u>54,771</u>	<u>73,051</u>

	Called-up share capital £000	Capital redemption £000	Profit and loss account £000	Total £000
At 1 January 2018	18,005	275	43,120	61,400
Profit for the financial year	-	-	18,128	18,128
Remeasurement of net defined benefit pension liabilities	-	-	(352)	(352)
Tax relating to items of other comprehensive income	-	-	60	60
Total comprehensive income	-	-	17,836	17,836
Dividends paid on equity shares	-	-	(3,293)	(3,293)
At 31 December 2018	<u>18,005</u>	<u>275</u>	<u>57,663</u>	<u>75,943</u>

Bibby Line Group Limited

Consolidated Cash Flow Statement

For the year ended 31 December 2019

			(As restated)	
	Note	£000	2019 £000	2018 £000
Net cash inflow/(outflow) from non-financial services operating activities	22		(2,440)	1,650
Net cash inflow/(outflow) from financial services operating activities	22		53,175	(26,566)
Net cash flows from operating activities			50,735	(24,916)
Cash flows from investing activities				
Purchase of tangible and intangible fixed assets		(49,714)	(49,015)	
Proceeds on sale of tangible fixed assets		6,034	10,813	
Interest received		-	15	
Disposal of subsidiary		900	5,294	
Net cash flows from investing activities			(42,780)	(32,893)
Cash flows from financing activities				
Equity dividends		(1,122)	(3,293)	
Dividends paid on preference shares		(15)	(15)	
Interest paid		(3,535)	(3,461)	
Repayment of amounts borrowed		(57,986)	(14,988)	
Capital element of hire purchase and finance lease payments		(165)	-	
New loans		20,399	104,377	
New hire purchase and finance lease agreements		40,623	5,860	
Net cash flows from financing activities			(1,801)	88,480
Net increase in cash and cash equivalents			6,154	30,671
Cash and cash equivalents at beginning of year			68,310	36,709
Effect of foreign exchange rate changes			(2,686)	930
Cash and cash equivalents at end of year	24		71,778	68,310

* Restatement detail provided in note 29 of these financial statements
The notes on pages 37 to 79 form an integral part of these financial statements

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

BLG (the Company) is a private Company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, United Kingdom, L2 3YL.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report on pages 5-16.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Group has applied the amendments to FRS 102 issued by the FRC in December 2017 with effect from 1 January 2019. The transitional provisions relating to the triennial review amendments have not resulted in any restatements of comparative information by the Group.

The functional currency of BLG is considered to be Sterling being the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in Sterling. Foreign operations are included in accordance with the accounting policies set out below.

BLG meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the reduced disclosure framework available to it in respect of its separate financial statements. Exemptions have been taken in relation to the presentation of a separate profit and loss account and cash flow statement.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 5-16. The principal risks and uncertainties are set out on pages 10-13.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. The accounting periods of subsidiary undertakings are coterminous with those of the company, except for our Indian subsidiary where the statutory requirement is for a 31 March year end. Interim financial statements have been used for consolidation purposes for these entities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

c. Going concern

The financial statements have been prepared using the going concern basis of accounting.

The reasons for the appropriateness of this assumption are located within the Directors' Report. The principal accounting policies have been applied consistently in dealing with items considered to be material to the Group and company's financial statements in the current and prior year.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting policies (continued)

c. Going concern (continued)

The holding company, BLG, has historically been financed by dividends from the trading subsidiaries, principally Bibby Financial Services. Each subsidiary business has external financing and there are no banking guarantees in place between the subsidiary businesses and BLG in respect of external financing. BLG does provide support to certain subsidiary businesses for capital expenditure, working capital, and, when appropriate, to fund losses. It has also provided contractual support for the financing of the WaveMaster Horizon vessel. In these cases formal loan agreements are put in place and draw-downs and repayments under those agreements are reflected in the holding company cash flow forecasts. There are no contractual obligations to provide funding over and above the amounts defined within existing agreements. Requests for financial support from the subsidiary businesses are considered on a case-by-case basis, subject to strict business case criteria and as a minimum requiring the approval of the Group Chief Executive Officer.

In making their assessment of going concern the Directors have considered the cash flow forecast for the holding company for the 12 months from date of approval of the financial statements. They have also considered the cash flow forecasts of the trading businesses for the same period. The continuing uncertain economic conditions as well as the Covid-19 pandemic present increased risks for all businesses. Due to the uncertainty of the outcome of the current events, BLG cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future. Notwithstanding this, the diversity of the Group's portfolio, and exposure to Covid-19 resistant sectors (such as food and infrastructure) has provided a level of financial protection. This, coupled with support from our major lenders, should allow us to respond well to the challenges and opportunities that may arise. The Directors will continue to monitor the impact of the Covid-19 pandemic on the activities of the Group.

In particular, the Directors have given consideration to the actions which could be taken in order to preserve liquidity in the event of a downturn in performance of Bibby Financial Services and therefore a restriction in dividend payments. As noted in the Post Balance Sheet Events (note 29), the completion of the disposal of the Distribution business in December 2020, has significantly improved BLG's liquidity position. At the time of signing the BLG cash balance was c. £20m, which is more than double the expected annual running costs of BLG, including pension contributions. Additionally, BLG have secured credit approval for the refinance of the deferred consideration in respect of the WaveMaster Horizon vessel which will provide additional liquidity to the Group. There are additional actions available to management, such as constraining capital expenditure across the portfolio and disposal opportunities. There is also the opportunity to request additional funding from other subsidiary businesses, over and above the amounts already planned, due to the expected liquidity within those businesses.

Based on this assessment the Directors consider that the Group maintains sufficient capital and liquidity to meet both the contractual requirements of the divisions and the requirements which might reasonably be expected to arise in a downside scenario.

Taking into account reasonable potential changes in trading performance, the Directors consider that liquidity is likely to be sufficient to meet the requirements of the company for the foreseeable future.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting policies (continued)

c. Going concern (continued)

On the basis that the board of Directors consider the Group to be sufficiently funded and will continue in operational existence for the foreseeable future, the financial statements continue to be prepared on a going concern basis.

d. Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. The remaining useful economic life of goodwill is considered separately for each acquisition. The amortisation period is dependent upon the circumstances of each acquisition and is currently between 4 and 20 years. Provision is made for any impairment when indicators of impairment are identified and an impairment test indicates the recoverable value-in-use is lower than the carrying value.

e. Intangible assets – other

Intangible fixed assets are stated at historic cost less accumulated amortisation. Amortisation is calculated using the straight line method to write down the cost of the assets over their estimated useful lives. Provision is made for any impairment.

Development costs within Financial Services have been recognised in accordance within FRS102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss. The Group recognises an intangible asset arising from development (or from the development of an internal project) if it can demonstrate the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit (5-10 years within Financial Services) and charged to administrative expenses. Provision is made for any impairment.

f. Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment.

g. Tangible fixed assets

Tangible fixed assets are included at cost, less depreciation and any provisions for impairment. Depreciation is provided on a straight line basis to write off the cost of tangible fixed assets, less their estimated residual value, over their expected useful economic lives. Residual values are calculated at the amount currently expected to be obtained on disposal, less costs of disposal.

The annual rates of depreciation are:

- Freehold land – Nil
- Freehold buildings – 2%
- Long leasehold land and buildings – 2%
- Short leasehold land and buildings – The life of the lease
- Fleet – Varying rates between 4% and 20%
- Vehicles and equipment – Varying rates between 10% and 33%

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting policies (continued)

g. Tangible fixed assets (continued)

Dry dock costs comprising non-enhancement costs for vessels associated with their periodic dry docking are written off in the year in which the dry dock takes place. Enhancement costs are capitalised and depreciated over the useful life of the enhancement.

h. Financial instruments

The Group has elected to apply the recognition and measurement provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

(ii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Fair value is estimated using valuation techniques which use market and non-market inputs to estimate the expected discounted cash flows. The valuation techniques use contracted pricing and forward market rates as determined by the issuer of the derivative. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument and accounted for in accordance with the Hedge Accounting provisions below.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting policies (continued)

h. Financial instruments (continued)

(iv) Hedge accounting

The effective portions of changes in fair values of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to any ineffective portion is recognised immediately in profit or loss. Amounts accumulated in the hedge reserve are reclassified to profit or loss in the periods when the hedged items will affect profit or loss.

i. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes the direct costs of bringing the stock to its current condition and location, including procurement, direct labour costs and attributable overheads where appropriate. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete and slow moving stock where appropriate.

j. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is calculated by consideration of the future cash flows related to the assets. The judgements involved in these impairment reviews are set out in the principal risks and uncertainties on pages 10-13.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

Financial assets

The Group's financial services business recognises loan impairment provisions in respect of impairment losses incurred in its portfolio of loans classified as loans and receivables and carried at amortised cost. A loan is impaired when there is objective evidence that events since the loan was granted have affected the expected cash flows from the loan. The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate.

For other financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the recoverable amount. 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. A further provision is 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 operating costs.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting policies (continued)

j. Impairment of assets (continued)

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

k. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the

additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting policies (continued)

k. Taxation (continued)

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

l. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the customer. Marine and Garic recognise income in the same period in which their assets or services are made available to customers.

Contract distribution recognises income in the same period in which the related goods and services are delivered for their customers.

Financial services recognise factoring income when debts are assigned to them. Discount income is accrued on a monthly basis and charged to the client at each month end, when it is recognised as income. Other income is recognised when the service that it is charged for is provided. The before tax actuarial method is used to allocate income earned over the life of a hire purchase or leasing contract.

Retail income is recognised on the transfer of goods to customers.

m. Finance costs

Finance costs, including direct issue costs, are recognised in the profit and loss account over the term of such borrowings.

n. Finance income

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

o. Pension costs

The Group's principal pension funds are a defined benefit plan and defined contribution plans. Contributions payable by the Group in respect of defined contribution plans are charged to operating profit as incurred.

The BLG Pension Scheme is a defined benefit plan which is closed to new entrants and future accrual. Consequently there is no current service charge and only scheme administration expenses are accounted for within operating profit. The net interest cost on the net defined benefit liability is included in the profit and loss account within net finance costs. Remeasurement gains and losses comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting policies (continued)

o. Pension costs (continued)

the net defined benefit liability) are recognised immediately in other comprehensive income. The difference between the market value of the scheme's assets and the present value of the scheme's liabilities is disclosed as a liability on the Group balance sheet.

The Group also contributes to the Merchant Navy Officers' Pension Fund (MNOFF) which is a multi-employer defined benefit scheme. The Group is unable to identify its share of the underlying assets and liabilities of the MNOFF, but has agreed a schedule of contributions to the overall scheme deficit. These have been recognised in the pension liability on the balance sheet. This provision will unwind as contributions are paid and will increase if a revised, increased, schedule of contributions is agreed with the MNOFF.

p. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of subsidiary undertakings who prepare their financial statements in foreign currencies are translated at the average rates of exchange during the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used, and their balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets, transactions entered into to hedge certain foreign currency risks, results of overseas operations, and on foreign currency borrowings to the extent that they hedge the Group's investment in such operations, are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). All other exchange differences are included in the profit and loss account.

p. Exceptional items

Exceptional items are material items of income and expense that, because of the unusual nature or frequency of the events giving rise to them, merit separate presentation to allow an understanding of the Company's underlying financial performance. Such items include impairment of assets, major reorganisations of business and costs associated with significant acquisitions or disposals.

q. Deferred consideration

Where the terms of an acquisition give rise to consideration payable on a future date and contingent on the uncertain future performance of the entity acquired, the financial statements contain the directors' best estimate of the fair value of the future liability to the extent that it can be measured reliably. The liability will be revised as further and more certain information becomes available and any changes made against goodwill.

r. Cash

For the purposes of the cash flow statement, cash comprises cash in hand and on deposit less overdrafts which are repayable on demand.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting policies (continued)

s. Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in note 29 to the financial statements.

t. Leased assets

Assets leased to customers which transfer substantially all the risks and rewards of ownership to the customer are classified as finance leases and are recorded within debtors. The net investment in finance leases represents total minimum payments less gross earnings allocated to future periods.

u. Leases

The Group as lessee

Assets held under finance leases and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

v. Liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. The company's preference shares are included in the balance sheet as a liability and accordingly the dividends payable on them are included within interest payable and similar charges.

w. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

1. Accounting policies (continued)

w. Provisions (continued)

obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgements, estimates and associated assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be relevant. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The critical judgements and estimates that the directors have made in the process of preparing these financial statements, are discussed below. These include the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Viability of Subsidiaries (*judgement*)

In the course of preparing its financial statements, the Group considers whether events or conditions exist that may cast significant doubt upon the ongoing viability of the trading subsidiaries. This judgement is made as it is these trading businesses that will allow the group to achieve its long term objectives and forms the fundamental basis for the other key accounting estimates and judgements noted below. Management has assessed whether conditions exist at a business subsidiary level and in particular within the Financial Services business as a key driver of the net asset value of the group. After detailed consideration of the business operating plans, including the associated execution risks offset by the mitigating actions available to the businesses and Group, it has been concluded that the judgement of ongoing viability of subsidiaries remains appropriate.

Impairment of assets (*estimate*)

The Group conducts annual impairment reviews and where appropriate, creates or adjusts impairment provisions. The impairment reviews have compared the net book value of the relevant assets to their value in use (calculated as their future expected cash flows over their remaining useful economic lives) or their current market values.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Tangible fixed assets (*estimate*)

The carrying value of the Group's shipping vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tends to fluctuate with changes in market conditions which tend to be cyclical. The Group evaluates the carrying amounts and periods over which long-lived assets are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives.

These assessments are made at an individual vessel level since separately identifiable cash flow information for each vessel is available. These assumptions are based on historical trends as well as future expectations. The key assumptions relate to future earnings and the discount rate applied to the future cash flows. Rates currently in effect for the duration of existing contracts are used. For future periods not covered by an existing contract management estimate charter rates using a number of indicators, including management's view of the cyclical nature of shipping markets.

Assessment of the impairment of BFS' financial assets (*judgement and estimate*)

In considering indications of impairment of financial assets the BFS Directors consider a number of qualitative and quantitative factors including but not limited to: client advance ratios; client recourse arrangements; receivables lending verification coverage; ordinary client commercial variation risk impacting on receivables measurement; valuation of client security; general debtor days, and other market led intelligence. Given the specialised nature of the BFS' activities and its application of FRS 102 Section 34, Information about the credit quality of its financial assets is contained within its financial statements.

In setting the level of impairment provisions, BFS management is required to estimate the level and timing of cash recoverable from collect-outs, realisation of security, payment plans, corporate and personal insolvencies, and other legal actions. A case by case assessment is carried out of all loans with incurred losses and an assessment made of the quantum and timing of likely cash recoveries based on the facts and circumstances of each case and on significant past experiences of BFS. The timing of the expected cash flows impacts the level of discounting that occurs in reflecting the time value of money.

There is particular complexity and judgement around the level of provision required when a debtor is in arrears and enters into collect out (the process of recovering delinquent debt). BFS assesses debtors in collect out on a case-by-case basis, in terms of the expected amount that will be recovered, and the timeframe to recover the monies, which require to be discounted to reflect the time value of money. There has been no change in the methodology used to assess expected recoveries in the period.

At the balance sheet date, non-performing trade debtors and finance lease receivables totalled £50.5m, against which impairment provisions totalled £26.6m. See note 19 for further details. A 10% change in the expected level of collection from debtors in collect out at year end would result in an increase / decrease of £1.7m in the level of required provision. If the collect out process takes on average 6 months less or longer than the Group's assumption there would be a circa £0.1m decrease / increase in the level of provision required.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

Cost capitalisation and setting useful economic lives of intangible fixed assets (*judgement*)

BFS Software and development costs reflect investment in technological systems and advancements, the economic benefits of which the BFS Directors believe will be realised over their useful economic life. Amounts capitalised in internally generated intangible assets comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by BFS management, which includes costs of materials and services used or consumed in generating the intangible asset, and costs of employee benefits arising from the generation of the intangible asset. There is judgement in determining the type and amount of internal costs to capitalise. At the BFS balance sheet date, internal staff costs of circa £21.0m were capitalised within intangible assets. The BFS Directors also consider that the amortisation policies for software and development costs will reflect the period of benefit from intended use after reflecting further possible technological advancement and market conditions. There is particular subjectivity in assessing the useful life of intangible assets given BFS' ongoing investment programme to respond to the evolving nature of the technology required to serve the business's future needs. A reduction in average useful lives of intangible assets of one year would result in an additional amortisation charge of circa £3.0m.

Transaction costs relating to lease assets (*judgement*)

The net investment in BFS' finance leases includes initial direct costs which are incremental to the origination of the finance leases. These costs, which also include an element of internal staff costs, are amortised over the life of the finance lease receivable. There is particular complexity and judgement around determining which costs are directly attributable to the origination of a financial asset, in particular the amount of internal staff costs that are directly attributable to the origination of assets. BFS currently capitalises a significant element of staff costs within its Leasing business as they believe these represent costs that are incremental and directly attributable to the negotiating and arranging of leases. At the balance sheet date, the other debtors balance includes internal costs of £3.1m (2018: £3.0m) which are deferred for amortisation over the term of the leases, which typically extend up to five years. During the year £1.2m (2018: £1.3m) of costs were capitalised. If BFS had reduced the amount of internal staff costs capitalised by 10% this would decrease the cumulative asset recognised by £0.3m (2018: £0.3m).

Pensions (*estimate*)

The financial statements include an estimate of the net liability in respect of the BLG Pension Scheme defined benefit obligation. This has been calculated in accordance with the requirements of FRS 102 by a qualified actuary using the projected unit method. The assumptions used in this calculation were selected by the directors based on actuarial advice as the current best estimate of the components of the calculation, however the net liability recognised is sensitive to these assumptions and note 25 includes the impact of changes in these assumptions.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

3. Analysis by class of business and geographical market

	2019			2018		
	UK	Rest of world	Total	UK	Rest of world	Total
	£000	£000	£000	£000	£000	£000
Turnover						
Marine	5,626	21,547	27,173	23,562	14,872	38,434
Contract Distribution	165,563	4,611	170,175	187,525	4,891	192,416
Financial Services	111,900	65,684	177,584	106,618	70,214	176,832
Retail	426,420	66	426,486	386,895	68	386,963
Garic	33,995	-	33,995	27,345	-	27,345
Total	743,504	91,908	835,413	731,945	90,045	821,990

4. Finance costs (net)

	2019	(As restated) 2018
	£000	£000
Interest receivable and similar income		
Other interest receivable	10	14
Exchange difference on foreign borrowings	-	208
	<u>10</u>	<u>222</u>
Interest payable and similar expenses		
On bank loans, overdrafts and other secured loans	(2,001)	(2,180)
HP and finance leases	(1,156)	(792)
On other debt financing	(455)	(408)
Exchange difference on foreign borrowings	(20)	-
Net interest cost on defined benefit pension liability	(71)	(251)
On £100 preference shares at 9.75% of nominal value	(15)	(15)
	<u>(3,718)</u>	<u>(3,646)</u>
Finance cost (net)	(3,708)	(3,424)

In addition, interest payable by the Financial Services division is included in the Group Profit and Loss Account within cost of sales. The amounts charged in the year were:

On bank loans and overdrafts	<u>31,799</u>	<u>32,116</u>
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Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

5. Profit/(loss) on disposal of fixed assets and investments

	2019 £000	2018 £000
Profit/(loss) on disposal of fixed assets		
Profit/(loss) on disposal of tangible fixed assets	1,986	(123)
The net tax effect of the above transaction is a tax charge/(credit) of	377	(23)
Profit on disposal of investment	900	3,299
The net tax effect of the above transaction is a tax charge of	-	-

6. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting) the following amount:

	2019 £000	(As restated) 2018 £000
Depreciation – owned tangible fixed assets (see note 12)	16,599	16,217
Depreciation – leased tangible fixed assets (see note 12)	1,648	1,758
Amortisation of intangible fixed assets (see note 11)	11,051	6,920
Foreign exchange losses	716	242
Impairment losses on tangible fixed assets (see note 12)	4,188	1,019
(Profit) / loss on disposal of tangible fixed assets	(1,986)	123
Charitable donations	131	228
Operating lease costs:		
Plant and machinery	10,179	9,051
Other	10,663	11,612
Fees payable to the company's auditor for:		
- the audit of the company's current year accounts	180	169
- the audit of the company's subsidiaries current year accounts	910	850
- the audit of the company's subsidiaries prior year accounts	66	50
Total audit fees	1,156	1,069
Auditor's remuneration for non-audit services:		
Tax compliance services	135	149
Other assurance services	11	20
Total non-audit fees	146	169

The impairment losses on tangible fixed assets relates to Bibby HydroMap following Administration and are disclosed as an exceptional item in the Consolidated Profit and Loss Account.. Impairment reflects consideration of vessel carrying values and impairment of survey kit based on sale proceeds achieved by the Administrators. This is also reflected as impairment of tangible fixed assets in note 12 and the tax effect of this is included within expenses non-deductible in note 9.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

7. Staff numbers and costs

The average monthly number of employees (including executive directors) employed by the Group throughout the period was:

	2019 Number	2018 Number
Marine	163	154
Contract distribution	1,567	1,789
Financial Services	1,329	1,324
Retail	563	621
Other	266	374
Head Office	36	35
	<u>3,924</u>	<u>4,297</u>

Their aggregate remuneration comprised:

	Group (As restated)		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Wages and salaries	151,252	157,580	3,817	5,333
Social security costs	18,255	17,633	474	666
Other pension costs	4,557	4,173	141	96
	<u>174,064</u>	<u>179,386</u>	<u>4,432</u>	<u>6,095</u>

'Other pension costs' includes only those defined benefit scheme costs included within operating costs and the defined contribution scheme charge.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

8. Directors' remuneration and transactions

	Salary/Fees/ BIK £000	Severance £000	2019 £000	2018 £000
Paul Drechsler	150	-	150	150
David Anderson	55	-	55	53
Geoffrey Bibby	46	-	46	36
Sir Michael Bibby Bt.DL	45	-	45	339
Caroline Hoare	55	-	55	38
Tim Lebus	-	-	-	38
John Cresswell	515	-	515	466
Jonathan Lewis	158	-	158	-
Gaurav Batra	-	-	-	647
Mark Lyons	353	298	651	531
Mike Brown	-	-	-	315
	<u>1,377</u>	<u>298</u>	<u>1,675</u>	<u>2,613</u>

Benefits in kind include the provision of a company car (or cash equivalent), fuel, medical insurance and the cash equivalent paid to a director in lieu of pension scheme contributions.

In addition to the amounts detailed above, payments to Mark Lyons, John Cresswell and Jonathan Lewis of £142,000, £281,000 and £68,000 (pro-rated) respectively, relating to 2019, have been approved by the Remuneration Committee, subject to meeting of agreed affordability criteria, under the Bibby Line Group Limited Long Term Incentive Plan. These amounts have not yet been paid. The payment schedule for the Bibby Line Group Incentive Plan runs over the next four years, with all balances due to be paid by the end of 2024.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

9. Tax on loss on ordinary activities

	2019	(As restated) 2018
	£000	£000
Tax on loss on ordinary activities		
Current year UK corporation tax charge/(credit)	1	6
Prior year UK corporation tax charge/(credit)	184	1,601
Current year charge for foreign corporate and withholding taxes	2,739	2,424
Prior year charge for foreign corporate and withholding taxes	48	963
	<hr/>	<hr/>
Current tax charge for the year	2,972	4,994
	<hr/>	<hr/>
Deferred tax charge on pension scheme costs	550	243
Adjustments in respect of prior years	(3,532)	(12,908)
Effect of change in tax rate on opening liability	407	-
Origination and reversal of timing differences	(4,760)	9,966
	<hr/>	<hr/>
Deferred tax credit for the year (see note 18)	(7,340)	(2,699)
	<hr/>	<hr/>
Total tax (credit)/charge for the year	(4,368)	2,295
	<hr/>	<hr/>

Factors affecting the tax (credit)/charge for the year:

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax are as follows:

Tax reconciliation

Loss on ordinary activities before taxation	(29,704)	(26,489)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the weighted average rate of UK corporation tax of 19.00% (2018 - 19.00%)	(5,644)	(5,033)
Effect of:		
Trading losses carried forward/(utilised)	-	10,452
Difference between capital allowances and depreciation	-	2,654
Non-taxable gains	(171)	(769)
Expenses not deductible for tax purposes including amortisation of goodwill	1,649	2,025
Other timing differences	1,035	574
Adjustment in respect of prior year	(3,232)	(8,189)
Difference in tonnage tax rate to weighted average tax rate	1	6
Different rate of overseas tax	888	408
Change in deferred tax rate	1,106	166
	<hr/>	<hr/>
Total tax (credit)/charge for the year	(4,368)	2,295
	<hr/>	<hr/>

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

10. Investments

Group

	2019 £000
At 1 January 2019 and at 31 December 2019	149

Company

	Total £000
At 1 January 2019	77,000
Impairment of investments	(1,400)
At 31 December 2019	75,600

See note 30 for details of subsidiary undertakings. The impairment relates to a reduction in investment value to net asset value of the relevant subsidiary (Bibby Line Limited).

The following subsidiaries have taken advantage of an exemption from audit under section 479A of the Companies Act 2006.

As the ultimate parent, Bibby Line Group Limited, has provided a statutory guarantee for any outstanding liabilities of Bibby Line Limited (registered number 06458336) and its subsidiaries below.

- Bibby Bulk Carriers limited (registered number 01036027)
- Bibby Navigation Limited (registered number 01195556)
- Bibby Pool Partner Limited (registered number 02481605)
- Bibby Transport Limited (registered number 01277618)

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

11. Intangible fixed assets

Group

	Goodwill £000	Intangible assets £000	Total £000
Cost			
At 1 January 2019	140,012	57,572	197,584
Additions	-	10,734	10,734
Exchange differences	-	(106)	(106)
At 31 December 2019	140,012	68,200	208,212
Amortisation			
At 1 January 2019	138,138	15,401	153,539
Charge for the year	1,111	9,940	11,051
Exchange differences	-	(82)	(82)
At 31 December 2019	139,249	25,259	164,508
Net book value			
At 31 December 2019	763	42,941	43,704
At 31 December 2018 (as restated)	1,874	42,171	44,044

The intangible total includes £8.0m (2018 restated: £5.7m) of leased assets (software) with secured funding within the Financial Services division.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

12. Tangible fixed assets

Group	Vehicles and equipment		Land and buildings			Total £000
	Fleet £000	Other £000	Freehold £000	Short Leasehold £000	Long Leasehold £000	
Cost or valuation						
At 1 January 2019	126,573	110,802	4,039	5,434	1,029	247,876
Additions	22,940	15,217	-	634	270	39,061
Disposals	-	(12,861)	(2,274)	(197)	(449)	(15,781)
Transfers	-	7,370	-	-	-	7,370
Exchange adjustment	(3,596)	(160)	-	(57)	-	(3,813)
At 31 December 2019	145,917	120,368	1,765	5,814	850	274,713
Depreciation						
At 1 January 2019	59,012	51,266	1,389	3,487	850	116,004
Charge for the year	5,349	12,228	107	542	21	18,247
Impairment	1,741	2,447	-	-	-	4,188
Disposals	-	(10,020)	(784)	(151)	(361)	(11,316)
Transfers	-	7,370	-	-	-	7,370
Exchange adjustment	(260)	(113)	-	(41)	-	(414)
At 31 December 2019	65,842	63,178	712	3,837	510	134,079
Net book value						
At 31 December 2019	80,075	57,190	1,053	1,977	340	140,634
At 31 December 2018 (As restated)	67,561	59,536	2,650	1,947	179	131,873

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

12. Tangible fixed assets (continued)

Company	Vehicles and equipment £000	Freehold land and buildings £000	Total £000
Cost or valuation			
At 1 January 2019	521	2,219	2,740
Additions	37	-	37
Disposals	(512)	(2,219)	(2,731)
At 31 December 2019	46	-	46
Depreciation			
At 1 January 2019	412	710	1,122
Charge for the year	27	74	101
Disposals	(427)	(784)	(1,211)
At 31 December 2019	12	-	12
Net book value			
At 31 December 2019	34	-	34
At 31 December 2018	109	1,509	1,618

13. Stocks

	2019 £000	2018 £000
Raw materials	901	1,072
Work in progress	717	35
Retails goods	1,360	1,834
Consumables	752	1,334
	3,730	4,275

There is no material difference between the balance sheet value of stock and its replacement value.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

14. Debtors

Group	(As restated)	
	2019 £000	2018 £000
Trade debtors	981,381	1,020,551
Trade debtors - other	64,498	68,486
Derivative financial instruments held at fair value	1,772	632
Taxation and social security	99	25
Deferred taxation asset – other timing differences (see note 18)	18,820	11,008
Net investment in finance leases	63,467	69,286
Other debtors	18,990	17,869
Corporation tax	1,930	2,436
Prepayments and accrued income	27,839	27,130
	<u>1,178,796</u>	<u>1,217,423</u>

Included within net investment in finance leases is £23,485,000 (2018: £30,536,000) which falls due after more than one year.

Company		
	2019 £000	2018 £000
Amounts owed by subsidiary undertakings	40,802	28,011
Deferred taxation asset	1,133	1,071
Corporation tax	4	11
Prepayments and accrued income	1,174	1,218
	<u>43,113</u>	<u>30,311</u>

The amounts owed by subsidiary undertakings relate to loans provided to support the relevant businesses. The loans mainly bear interest at a rate of 8%.

The deferred taxation assets predominantly relate to pensions liabilities timing differences in respect of the BLG Pension scheme, MNRPF, and MNOFF.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

15. Creditors – amounts falling due within one year

Group	(As restated)	
	2019 £000	2018 £000
Bank loans (see note 17)	126,732	121,287
Bank overdrafts	3,303	4,842
Hire purchase and finance leases (see note 17)	7,329	3,357
Trade creditors – financial services	160,283	135,678
Trade creditors – other	52,311	57,258
Taxation and social security	12,103	12,440
Other creditors	2,911	3,440
Corporation tax creditor	2,808	2,586
Accruals and deferred income	43,160	41,353
Derivative financial instruments	1,133	437
	<u>412,073</u>	<u>382,678</u>

Company		
	2019 £000	2018 £000
Amounts owed to subsidiary undertakings	40,661	30,725
Taxation and social security	708	238
Accruals and deferred income	4,009	2,686
	<u>45,378</u>	<u>33,649</u>

Amounts owed to subsidiary undertakings relate to working capital funding provided by subsidiary undertakings together with consideration for tax losses. The loans are non-interest bearing with no scheduled date for repayment.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

16. Creditors – amounts falling due after more than one year

Group	(As restated)	
	2019 £000	2018 £000
Bank loans (see note 17)	799,111	854,686
Hire purchase and finance leases (see note 17)	54,103	23,200
9.75% Preference shares of £100 each (see note 20)	154	154
Other creditors	-	434
	<u>853,368</u>	<u>878,474</u>

Company

	2019 £000	2018 £000
9.75% Preference shares of £100 each	154	154
Other creditors	-	246
	<u>154</u>	<u>400</u>

17. Debt instruments

	(As restated)	
	2019 £000	2018 £000
Bank loans are repayable:		
Within one year	126,732	121,287
Between one and two years	188,172	119,457
Between two and five years	598,606	723,567
After five years	12,333	11,662
	<u>925,843</u>	<u>975,973</u>
Hire purchase and finance leases are repayable:		
Within one year	7,329	3,357
Between one and two years	7,405	2,720
Between two and five years	31,938	20,350
After five years	14,761	130
	<u>61,433</u>	<u>26,557</u>

The rates of interest payable on bank loans, vary with either US, Euro or UK short term LIBOR or UK base rates. Bank loans are secured by way of fixed and floating charges over the assets of the relevant entities.

Obligations under hire purchase and finance leases are secured on the assets they finance.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

18. Provisions for liabilities

	Other £000	Vacant Property £000	Deferred Taxation £000	Total £000
At 1 January 2019	1,512	3,589	-	5,101
Profit and loss account	-	(116)	(7,340)	(7,456)
Utilised	(863)	(760)	-	(1,623)
Reclassification to debtors	-	-	7,809	7,809
Disposal of subsidiary	-	-	-	-
Exchange differences	-	(34)	55	21
Statement of comprehensive income	-	-	(524)	(524)
At 31 December 2019	649	2,679	-	3,328

The vacant property provision relates to properties that were vacated and are surplus to the Group's requirements. The balance is expected to be settled by 2023. None of this relates to BLG Company only. The provision 'other' relates to two items. One, relating to a warranty claim, is expected to be settled in 2021 and the other, relating to the Merchant Navy Ratings Pension Fund (as described in note 25), will reverse fully by the end of 2023. Both of these also relate to BLG Company only.

Deferred taxation is provided at the rates substantively enacted at the year-end being 19% (to April 2019), and 17% thereafter depending on the expected duration of the timing difference (2018 – 19% and 17% thereafter). These deferred tax assets are as follows:

	Group (As restated)		Company	
	2019 £000	2018 £000	2019 £000	2018 £000
Accelerated capital allowances	(8,063)	(5,339)	(31)	(15)
Pensions	(991)	(808)	(985)	(799)
Other timing differences	(1,399)	(2,348)	(117)	(257)
Trading Losses	(8,366)	(2,511)	-	-
Total	(18,820)	(11,006)	(1,133)	(1,071)

Factors that may affect future tax charges:

Finance Act 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment of the Finance Act 2020 is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, the Group deferred tax asset would have been £2.2m higher.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

19. Financial instruments and risk management

The following disclosures relate solely to Bibby Financial Services Limited and its direct subsidiaries.

Credit risk

The objective of credit risk management is to enable Bibby Financial Services to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to Bibby Financial Services. The key principles of Bibby Financial Services' Credit Risk Management Framework are set out below:

- Approval of all credit exposure is granted prior to any advance or extension of credit.
- An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, valuation of assets purchased, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.
- Credit risk authority is delegated by the board of Bibby Financial Services and specifically granted in writing to all businesses and roles involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

The following table provides an analysis of the credit quality of third party financial assets and commitments based on the performing/ impaired status of the asset.

Trade and other receivables

	2019 £000	(As restated) 2018 £000
Performing	1,020,904	1,050,404
Impaired	50,541	67,172
Impairment provision	(26,597)	(27,739)
	<u>1,044,848</u>	<u>1,089,837</u>

The following table shows the movement in the provision for impairment of trade and other receivables.

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19. Financial instruments and risk management (continued)

	2019 £000	(As restated) 2018 £000
At 1 January	27,739	26,547
Charged to the Profit and Loss Account	15,875	9,334
Amounts written off	(16,001)	(8,298)
Recoveries	(1,062)	111
Exchange differences	46	45
At 31 December	<u>26,597</u>	<u>27,739</u>

For invoice financing Bibby Financial Services lends to clients against approved invoices that are legally assigned to Bibby Financial Services and therefore act as security for lending. For leasing, Bibby Financial Services holds security over the assets financed by the lease.

Currency risk

Bibby Financial Services undertakes certain transactions denominated in foreign currencies, hence exchange rate fluctuations arise. Bibby Financial Services' policy is normally to match foreign currency receivables with borrowings in the same currency. Where necessary exchange rate transaction risk is addressed by taking out forward cover in the form of a currency derivative contract.

Liquidity risk

The risk is the risk that Bibby Financial Services is unable to meet its obligations as they fall due.

The table below analyses financial instrument liabilities of Bibby Financial Services, into relevant maturity groupings based on the remaining period at the balance sheet date.

	Up to 12 months £000	1-5 years £000	Total £000
Financial liabilities			
Bank overdrafts	3,303	-	3,303
Senior and junior funding notes	-	515,052	515,052
Bank loans	101,040	238,827	339,867
Finance leases	3,044	5,968	9,012
Derivative financial instruments	1,133	-	1,133
Trading and other payables	186,763	-	186,763
	<u>295,283</u>	<u>759,847</u>	<u>1,055,130</u>

Exchange rate risk

With global operation the Group is exposed to translation risk on its overseas subsidiaries. No specific financial instruments are used to protect against the risk. At 31 December, if Sterling weakened 10% against the world's major currencies, shareholder's funds would be £7,900,000 (2018: £7,500,000) higher. Conversely, if Sterling strengthened 10% against the world's major currencies, shareholder's funds would be £3,700,000 (2018: £4,700,000) lower.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

20. Called-up share capital

	2019 £000	2018 £000
Allotted and full paid:		
1,536 (2018: 1,536) 9.75% Preference Shares of £100 each	154	154
100 Ordinary A Shares of £1 each	-	-
18,005 (2018: 18,005) Ordinary Shares of £1,000 each (equity share capital)	18,005	18,005

The rights attaching to the Ordinary A Shares are as follows:

- The right to dividend as outlined in the company's Articles of Association.
- The right to participate in a distribution arising from a winding-up of the company subject to the detailed rules outlined in the company's Articles of Association.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

20. Called-up share capital (continued)

The rights attaching to the Preference Shares are as follows:

- a) The right to a fixed cumulative preferential dividend at the rate of 9.75% net per annum on the capital for the time being paid up thereon payable half-yearly on 30 June and 31 December in each year.
- b) On a return of capital on liquidation or otherwise the right to have payment of capital and arrears and accruals of dividend whether earned or declared or not to be calculated down to the date of return of capital in priority to the Ordinary Shares, but shall not confer any further right to participate in profits or assets.
- c) The right to receive notice of but not to attend and vote at any General Meeting by virtue of their holding unless the fixed cumulative preferential dividend on the Preference Shares is thirty days or more in arrears or if the business of the Meeting includes the consideration of a Resolution for altering the objects of the company or for reducing the capital of the company or for winding up the company or any Resolution varying or abrogating any of the rights or privileges attached to the Preference Shares.

Other reserves relates to a Capital Redemption Reserve.

21. Dividends paid

	2019 £000	2018 £000
Equity dividends paid per Ordinary Share:		
Interim £61.15 (2018: £59.83)	1,101	1,078
Final £nil (2018: £119.66)	-	2,153
	<hr/> 1,101	<hr/> 3,231
Equity dividends paid per Ordinary A share:		
Interim £207.64 (2018: £203.16)	21	21
Final £nil (2018: £406.31)	-	41
	<hr/> 21	<hr/> 62
Total dividends paid	<hr/> 1,122	<hr/> 3,293

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

22. Reconciliation of operating (loss)/profit to net cash flow from operating activities

	2019 £000	(As restated) 2018 £000
Group operating loss	(28,882)	(26,241)
Less operating loss/(profit) of the financial services business	11,310	(3,618)
Operating loss of the non-financial services businesses	(17,572)	(29,859)
Depreciation	15,813	15,877
Impairment of fixed assets	-	1,019
Amortisation of intangible assets	1,141	2,512
UK taxation paid	68	426
Overseas tax paid	(234)	-
Profit on sale of disposal of fixed assets	(504)	-
Exceptional items	4,188	-
Exchange differences	(226)	74
Operating cash flow before movement in working capital	2,674	(9,951)
Movement in provisions	(1,971)	939
Movement in stock	546	(438)
Movement in debtors	4,117	17,237
Movement in creditors	(5,996)	(4,633)
Excess of pension scheme contributions paid over service cost	(1,810)	(1,504)
Cash (outflow)/inflow from non-financial services operating activities	(2,440)	1,650
Operating (loss)/profit of the financial services business	(11,310)	3,618
Depreciation	2,434	2,098
Amortisation of intangible assets	9,911	4,408
UK taxation paid	-	-
Overseas taxation paid	(1,747)	(3,565)
Loss on disposal of fixed assets	255	-
Operating cash flow before movement in working capital	(457)	6,559
Movement in debtors	26,162	25,529
Movement in creditors	27,470	(58,654)
Cash inflow/(outflow) from financial services operating activities	53,175	(26,566)
Net cash inflow/(outflow) from operating activities	50,735	(24,916)

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

23. Reconciliation of net debt

	2019 £000	(As restated) 2018 £000
Movement in cash and cash equivalents in the year	6,154	30,671
Movement in loans and lease finance in the year	(2,870)	(95,249)
Change in net debt from cash flows	3,284	(64,578)
Exchange movements	15,957	(9,031)
Non-cash movements	(146)	(121)
Finance lease non-cash additions/non cash early redemption	(373)	-
Net debt transferred	-	(99)
Movement in net debt in the year	18,722	(73,829)
Net debt at 1 January	(934,770)	(860,391)
Net debt at 31 December	(915,498)	(934,220)

24. Analysis of net debt

	(As restated) 1 January 2019 £000	Cash flow £000	Non-cash movement £000	Exchange movements £000	31 December 2019 £000
Cash at bank and in hand	73,152	4,864	-	(2,935)	75,081
Bank overdrafts	(4,842)	1,290	-	249	(3,303)
	68,310	6,154	-	(2,686)	71,778
Debt due after 1 year	(877,886)	10,339	(519)	14,851	(853,215)
Debt due within 1 year	(124,644)	(13,209)	-	3,792	(134,061)
	(1,002,530)	(2,870)	(519)	18,643	(987,276)
	(934,220)	3,284	(519)	15,957	(915,498)

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

25. Pension costs

Pension Liability

	2019 £000	2018 £000
Bibby Line Group Pension Scheme	(4,767)	(3,215)
Merchant Navy Officers' Pension Fund	(1,088)	(1,539)
	<u>(5,855)</u>	<u>(4,754)</u>

The Group administered several defined contribution pension schemes during the financial year. The assets of the schemes are held separately from those of the Group in funds under the control of independent insurance companies. The contributions made by the Group to these schemes over the financial year amounted to £3,124,000 (2018 – £4,169,000). There were no outstanding contributions at the balance sheet date to any pension arrangement.

The Group also contributes to the Merchant Navy Officers' Pension Fund (MNOFF) which is a multi-employer defined benefit scheme. The Group is unable to identify its share of the underlying assets and liabilities of the MNOFF, but has agreed a schedule of contributions to the overall scheme deficit as set out below. These have been recognised in the pension liability on the balance sheet. This provision will unwind as contributions are paid and will increase if a revised, increased, schedule of contributions is agreed with the MNOFF. The latest actuarial valuation of the scheme, at March 2012, identified a scheme deficit of £492,000,000. The Group has agreed to make annual contributions based on the scheme's deficit of £601,000 per annum from 2018 to 2020 and £113,000 per annum from 2021 to 2023 (2018 – same). The contributions made by the Group to the MNOFF scheme over the financial year amounted to £451,000 (2018 – £601,000) following an agreement with the MNOFF trustees to defer a proportion of the FY19 contribution to FY20.

The Group has previously participated in the Merchant Navy Ratings Pension Fund (MNRPF) and exited the scheme in 2004, paying the agreed section 75 charge at the time. Following a High Court decision that the MNRPF could set aside previous agreements such as this with former employers and implement its proposed revised funding arrangements, the MNRPF has requested further contributions from the Group of £2,912,000, of which £863,000 has been paid. The balance is provided for in note 18.

The company sponsors the Bibby Line Group Pension Scheme, which is a defined benefit arrangement. The latest valuation of the Scheme was carried out by a qualified independent actuary as at 5 April 2017 using the projected unit method and showed the Scheme to be 77% funded.

The Scheme has been closed to new entrants since April 2000. New employees are offered membership of a defined contribution arrangement known as the Bibby Line Group Personal Pension Plan. The Scheme closed to future accrual for existing members on 30 September 2011, these employees were offered membership of the Bibby Line Group Personal Pension Plan.

The contributions made by the employer over the financial year to the Bibby Line Group Pension Scheme have been £1,810,000 (2018 – £1,762,000). These payments are in accordance with the schedule of contributions adopted by the Scheme Trustees to fund the deficit.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

25. Pension costs (continued)

Assumptions:

The assets of the Bibby Line Group Pension Scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	2019	2018
Annual inflation (RPI)	3.00%	3.20%
Annual salary increases	n/a	n/a
Annual rate of discount	2.00%	2.95%
Pension in payment increases	As guaranteed	As guaranteed
Annual revaluation rate for deferred members	2.10%	2.20%
Allowance for commutation of pension for cash at retirement	Yes	Yes

The mortality assumptions adopted at 31 December imply the following life expectations:

	2019	2018
Male retiring at age 65 at the year end	21.2	21.1
Male retiring at age 65 in twenty years' time	22.5	22.4

Funded status:

The funded status at the end of the year, and the related amounts recognised in the balance sheet, were as follows:

	2019 £000	2018 £000
Total market value of assets	86,847	83,241
Present value of Scheme liabilities	(91,614)	(86,456)
Net pension liability	(4,767)	(3,215)

Fair value of assets comprise:

	2019 £000	2018 £000
Equities	12,026	44,582
Bonds	43,755	34,473
Cash	205	3,474
Other	30,861	712
Total	86,847	83,241

The increase in the 'Other' category is due to a change in investment strategy during 2019, which resulted in the Scheme having new holdings in Cash Sovereign Bonds, Alternatives, Return Seeking Credit and Cashflow Matching Credit Assets.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

25. Pension costs (continued)

Reconciliation of opening and closing balances of the present value of the Scheme liabilities:

	2019 £000	2018 £000
Scheme liabilities at 1 January	86,456	95,125
Past service cost	-	1,400
Interest cost	2,424	2,384
Actuarial losses/(gains)	11,332	(8,656)
Benefits paid and expenses	(8,598)	(3,797)
	<hr/>	<hr/>
Scheme liabilities at 31 December	91,614	86,456

Reconciliation of opening and closing balances of the fair value of the Scheme assets:

	2019 £000	2018 £000
Fair value of the Scheme assets at 1 January	83,241	92,219
Interest income	2,353	2,323
Actuarial gains/(losses)	8,252	(9,008)
Contributions by employer	1,810	1,762
Administration expenses	(211)	(258)
Benefits paid and expenses	(8,598)	(3,797)
	<hr/>	<hr/>
Fair value of the Scheme assets at 31 December	86,847	83,241

Analysis of the amount charged to the profit and loss account over the year:

	2019 £000	2018 £000
Net interest cost on defined benefit liability	71	61
Past service cost	-	1,400
Administration expenses	211	258
	<hr/>	<hr/>
Total charge to the profit and loss account	282	1,719

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

25. Pension costs (continued)

Analysis of the amount charged/(credited) to the statement of comprehensive income:

	2019 £000	2018 £000
Actuarial gains arising from changes in demographic and financial assumptions	(11,332)	8,656
Experience losses/(gains)	8,252	(9,008)
Actuarial gains recognised in the statement of comprehensive income	(3,080)	(352)

The best estimate of contributions to be paid by the employer to the Scheme for the year beginning after 31 December 2019 is £1,700,000 less scheme administration expenses in the year and the charge to the profit and loss account will be £290,000.

Risks

The main risks the Group is exposed to by the Scheme are:

- **Mortality risk** – the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancies improve at a faster rate than assumed, this would result in greater payments from the Scheme and consequently increases in the Scheme's liabilities. The Group and the Scheme's Trustees review the mortality assumption on a regular basis to minimise the risk of using inappropriate assumptions.
- **Investment risk** – the Scheme invests its assets in a portfolio of asset classes. There is residual risk that as the selected portfolio matures, there is the possibility of not being able to reinvest the assets at the assumed rates. The Scheme's Trustees review the structure of the portfolio on a regular basis to minimise these risks.
- **Inflation risk** – increases to benefits in the Scheme are linked to inflation. If inflation is greater than expected, the liabilities will increase.

Sensitivity Analysis

Sensitivity analysis figures provided by the actuary are based on various assumptions and current market conditions and as such are likely to change over time.

Sensitivity	Effect on Liabilities
Discount rate +/- 0.5%	-8.2%/+9.3%
Inflation assumptions +/- 0.5%	+4.7%/-4.5%
Life expectancy +/- 1 year	+4.5%/-4.4%

Company only: the company pension liability is £33,000 less than the Group pension liability (2018 – £54,000 less) as part of the MNOPF liability is attributable to a subsidiary company.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

26. Operating lease commitments

The Group has the following total minimum lease payments under non-cancellable operating leases:

	2019		2018	
	Property £000	Other £000	Property £000	Other £000
Within one year	13,274	9,232	12,951	7,985
Between two and five years	40,697	15,380	43,438	11,352
After five years	30,515	3,177	36,974	1,263

The majority of other leases relate to property, vehicles and equipment.

27. Related party transactions

Under section 33 of FRS 102, the Group is exempt from disclosing intra-Group related party transactions, as 100% of the voting rights are controlled by the Group.

The Group considers the directors to be key management personnel and their remuneration, and other transactions with directors, are disclosed in note 8.

Substantial Shareholdings

The Bibby family trustees own 72.71% of the £1,000 ordinary shares of the company through a number of trusts set up to provide for current and future members of the Bibby family. Two of the directors who served during the year and to the date of this report, M.J. Bibby and G.F.H. Bibby, are among the beneficiaries of these trusts. Bibby family members, either directly or through trusts, have a beneficial interest in 90.2% of the £1,000 ordinary shares.

28. Capital commitments

	2019 £000	2018 £000
Property, plant and equipment expenditure for which contracts have been placed but which are not otherwise provided for in these financial statements	1,195	2,734

29. Post balance sheet events

Non-adjusting events after the financial period

a) Coronavirus (Covid-19)

On 11 March 2020, the World Health Organisation declared the Coronavirus (Covid-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries affected. Many governments have taken increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the year ended 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, BLG cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future. Notwithstanding this, the diversity of the Group's portfolio, and exposure to Covid-19 resistant sectors (such as

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Notes to the Financial Statements

For the year ended 31 December 2019

29. Post balance sheet events (continued)

food, paper packaging and infrastructure) has provided a level of financial protection. This, coupled with support from our major lenders, should allow us to respond well to the challenges and opportunities that may arise. The Directors will continue to monitor the impact of the Covid-19 pandemic on the activities of the Group.

b) Disposals

Post year end BFS disposed of its North American business. The sale of the subsidiary group called Bibby Financial Services (Holdings), Inc. was completed on 29 February 2020. No adjustment has been made to the 2019 balance sheet as a result of the transaction.

Post year end BLG also disposed of its Distribution business. The sale of the subsidiary group was completed on 11 December 2020, realising a profit on disposal. No adjustment has been made to the 2019 balance sheet as a result of the transaction.

Adjusting events after the financial period:

a) Subsidiary company administration:

As highlighted within the Directors' report on page 19, following a difficult year for Bibby HydroMap, in March 2020 the BLG Board determined it could no longer continue to fund losses in Bibby HydroMap given a continued lack of charters. As Bibby HydroMap was unable to raise alternative funds, on 3 April 2020, the Directors of Bibby HydroMap Ltd placed the company into Administration. The 2019 results for this company have therefore been prepared on a basis other than that of a going concern which includes, where appropriate, writing down the Company's assets to net realisable value. BLG Company only has impaired its £4.3m inter-company loan with this company to £nil as a result.

As stated in the operational review, the Administration led to an impairment of Bibby HydroMap's assets with a resulting £4.2m impact on consolidated Group profit before tax.

b) Prior year adjustment:

As also highlighted within the Directors' report on page 19, in 2019, at the direction of the BLG Board and following senior organisational changes within BFS, internal reviews in the year indicated the material misstatement of a number of accounting balances within the BFS (and therefore Group) financial statements.

The BFS Board, in consultation and agreement with the BLG Board, reviewed the accounting approach in a number of areas across BFS initially instructing PwC, as internal auditors, to support the review and to validate BFS' findings. As a result of this review, PwC were instructed to undertake a more detailed forensic review of the BFS Balance Sheet. The investigation concluded, and the BFS Board agreed, that a restatement of the BFS 2018 financial statements was required, in accordance with FRS102 Section 10 – Accounting Policies Estimates and Errors. Given the materiality of the BFS business to the Group as a whole, the BLG Board also agreed that a restatement of the BLG 2018 Consolidated financial statements was required.

In addition to the work undertaken within BFS, following the conclusion of the comprehensive financial controls review and restatement work, the BLG Audit Committee requested additional review work be undertaken in the other subsidiary businesses to determine whether any of the key issues identified were in existence elsewhere in the Group. The additional work did not identify any risk of material misstatement within the areas reviewed.

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

29. Post balance sheet events (continued)

b) Prior year adjustment (continued):

The BLG Audit Committee also requested that a root cause analysis be undertaken to determine how the requirement for a restatement within BFS occurred and what processes could be improved to minimise the risk of a future occurrence. The key findings identified a number of recommendations which are to be implemented during 2021 and their implementation will be monitored by the BLG Audit Committee.

The impact of the prior year adjustments on the Group's Profit and Loss account and Balance Sheet are shown below. With the exception of the impact of the change in accounting policy noted below, the restatement arises from errors resulting in an overstatement of certain asset values and under-recognition of certain liabilities, in particular in relation to the capitalisation and classification of fixed (tangible and intangible) assets, and the deferral of operating costs recognised within debtors. In addition, a reclassification of transaction costs relating to a loan facility was required between debtors and creditors with a nil impact on profit. The restatement resulted in an overstatement of the 2018 profit before tax by £11.4m and has increased the Group loss before tax for the year ended 31 December 2018 from £15.1m to £26.5m.

Included in the restatement is an adjustment relating to a change in accounting policy that results in an increase to cost of sales and a decrease to debtors of £300,000.

Line items affected by the prior year restatement are as follows:

Profit and loss account	As previously reported £000	Restatement £000	Restated £000
Cost of sales	(746,620)	(10,552)	(757,172)
Administration expenses	(90,256)	(803)	(91,059)
Profit before tax	(15,134)	(11,355)	(26,489)
Tax charge	(4,452)	2,157	(2,295)
Loss after tax	(19,586)	(9,198)	(28,784)

Balance Sheet	As previously reported £000	Restatement £000	Restated £000
Intangible assets	43,046	998	44,044
Tangible assets	135,426	(3,552)	131,873
Debtors	1,234,825	(17,402)	1,217,423
Creditors: Amounts falling due within 1 year	(380,102)	(2,576)	(382,678)
Creditors: Amounts falling due after more than 1 year	(891,807)	13,334	(878,474)
Net assets	209,110	(9,198)	199,912

Bibby Line Group Limited

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30. Subsidiary undertakings

Bibby Line Group Limited is the ultimate parent company. The subsidiaries of the Group are set out below. All parent companies of the trading businesses' subgroups are UK incorporated companies. All interests are in ordinary share capital (or the equivalent) with voting rights.

* = interest not held directly by Bibby Line Group Limited

	Company Name	Country of Incorporation	Registered office	% Equity Share Capital Held	Type of Business
1.	Bibby Line Group Pension Trustee Limited	England & Wales	α	100%	Pension Trustee
2.	Bibby Supply Chain Services Limited	England & Wales	α	100%	Holding company
3.	Bibby Distribution Limited	England & Wales	α	100%*	Provider of logistics and warehousing services
4.	Bibby International Logistics Limited	England & Wales	α	100%*	International distribution and freight forwarding
5.	Bibby Financial Services Limited	England & Wales	α	100%	Holding and management services company
6.	Bibby Debt Finance Limited	England & Wales	α	100%*	Non -trading
7.	Bibby Finance 1 Limited	England & Wales	α	100%*	Dormant
8.	Bibby Finance 2 Limited	England & Wales	α	100%*	Non-trading
9.	Coverly Limited (previously Bibby Financial Services (INS) Limited)	England & Wales	α	100%	Insurance agents and brokers
10.	Bibby FS (Holdings) Limited	England & Wales	α	100%*	Holding and management services company
11.	Bibby Financial Services (UK) Limited	England & Wales	α	100%*	Holding and management services company
12.	Bibby Asset Finance Limited	England & Wales	α	100%*	Holding and management services company
13.	Bibby Leasing Limited	England & Wales	α	100%*	Asset financing
14.	Bibby Management Services Limited	England & Wales	α	100%*	Management services
15.	Bibby Trade Services Limited	England & Wales	α	100%*	Trade financing
16.	Factoring UK Group Limited	England & Wales	α	100%*	Holding and management services company
17.	Cashflow UK Limited	England & Wales	α	100%*	Brokerage
18.	Bibby Corporate Financial Solutions Limited	England & Wales	α	100%*	Inventory financing
19.	BFS Corporate Financial Solutions Limited	England & Wales	α	100%	Dormant
20.	Bibby Invoice Finance UK Limited	England & Wales	α	100%*	Controlling company for the factoring and invoice discounting activities of BFS

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30. Subsidiary undertakings (continued)

	Company Name	Country of Incorporation	Registered office	% Equity Share Capital Held	Type of Business
21.	Bibby ACF Limited	England & Wales	α	100%*	Debt factoring
22.	Bibby Factors Bedford Limited	England & Wales	α	100%*	Debt factoring
23.	Bibby Factors Borehamwood Limited	England & Wales	α	100%*	Debt factoring
24.	Bibby Factors Bristol Limited	England & Wales	α	100%*	Debt factoring
25.	Bibby Factors Leicester Limited	England & Wales	α	100%*	Debt factoring
26.	Bibby Factors Limited	England & Wales	α	100%*	Debt factoring
27.	Bibby Commercial Finance Limited (previously Bibby Factors Manchester Limited)	England & Wales	α	100%*	Debt factoring
28.	Bibby Factors Northeast Limited	England & Wales	α	100%*	Debt factoring
29.	Bibby Factors Northwest Limited	England & Wales	α	100%*	Debt factoring
30.	Bibby Factors Scotland Limited	Scotland	□	100%*	Debt factoring
31.	Bibby Factors Slough Limited	England & Wales	α	100%*	Debt factoring
32.	Bibby Factors Sussex Limited	England & Wales	α	100%*	Debt factoring
33.	Bibby Factors Wessex Limited	England & Wales	α	100%*	Debt factoring
34.	Bibby Factors Yorkshire Limited	England & Wales	α	100%*	Debt factoring
35.	Bibby Factors International Limited	England & Wales	α	100%*	Debt factoring
36.	Bibby Invoice Discounting Limited	England & Wales	α	100%*	Invoice discounting
37.	Bibby Revolving Finance Limited	England & Wales	α	100%*	Trade financing
38.	Bibby Trade Factors Limited	England & Wales	α	100%*	Trade financing
39.	Bibby Transactional Finance Limited	England & Wales	α	100%*	Transactional financing
40.	Global Management Services Limited	England & Wales	α	100%*	Non-trading
41.	Bibby Financial Services (FX) Limited	England & Wales	α	100%*	Holding and management services company
42.	Bibby Foreign Exchange Limited	England & Wales	α	100%*	Foreign exchange services
43.	Bibby Foreign Exchange (Europe) Limited (inc 22-10-18)	Ireland	≤	100%*	Foreign exchange services
44.	Bibby Foreign Exchange (Solutions) Limited	England & Wales	α	100%*	Dormant
45.	Bibby Financial Services (Asia) Limited	Hong Kong	≠	100%*	Debt factoring
46.	Bibby Financial Services (India) Pvt Limited	India	¥	99.99%*	Debt factoring
47.	Bibby Financial Services (Singapore) Pte. Ltd.	Singapore	β	100%*	Debt factoring
48.	Bibby Factoring Services (Malaysia) Sdn Bhd	Malaysia	®	100%*	Debt factoring
49.	Bibby Financial Services (Europe) Limited	England & Wales	α	100%*	Holding and management services company
50.	Bibby Factor France S. A.	France	±	99.99%*	Debt factoring
51.	Bibby Factoring Slovakia a.s.	Slovak Republic	∩	100%*	Debt factoring

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For the year ended 31 December 2019

30. Subsidiary undertakings (continued)

	Company Name	Country of Incorporation	Registered office	% Equity Share Capital Held	Type of Business
52.	Bibby Financial Services a.s.	Czech Republic	ř	100%*	Debt factoring
53.	Bibby Financial Services B.V.	Netherlands	€	100%*	Debt factoring
54.	Bibby Financial Services GmbH	Germany	Σ	100%*	Debt factoring
55.	Bibby Financial Services (Ireland) Limited	Ireland	≤	100%*	Debt factoring
56.	Bibby Financial Services Sp. z o. o.	Poland	▲	99.99%*	Debt factoring
57.	Bibby Financial Services AB	Sweden	♀	99.8%*	Debt factoring
58.	Bibby Holdings Limited	England & Wales	α	100%	Holding company
59.	Bibby Ship Management (Eastern Europe)	Russian Federation	Ⓡ	85.71%*	Non-trading
60.	Bibby Taurus Limited	England & Wales	α	100%*	Holding company
61.	Garic Limited	England & Wales	α	100%*	Design, fabrication and purchase of plant and machinery for sale and hire
62.	Bibby Marine Limited	England & Wales	α	100%*	Holding company for BLG marine niche assets and services division
63.	Bibby Marine Management Limited	England & Wales	α	100%*	Service activities incidental to water transportation
64.	Bibby Marine Services Limited	England & Wales	α	100%*	Holding company
65.	Bibby WaveMaster 1 Limited	England & Wales	α	100%*	Ownership and operation of a service operation vessel
66.	Bibby WaveMaster 2 Limited	England & Wales	α	100%*	Ownership and operation of a service operation vessel
67.	Bibby Marine Survey Services Limited	England & Wales	α	100%*	Dormant
68.	Bibby Renewables Limited	England & Wales	α	100%*	Dormant
69.	Bibby HydroMap Limited (in administration since 3 April 2020)	England & Wales	+	100%*	Provision of marine surveying services
70.	Hydromap Limited	England & Wales	+	100%*	Dormant
71.	Bibby Athena Limited	England & Wales	α	100%*	Ownership and operation of hydrographic survey vessels
72.	Bibby Tethra Limited	England & Wales	α	100%*	Ownership and operation of hydrographic survey vessels
73.	Bibby Maritime Limited	England & Wales	α	100%*	Ownership and operation of floating accommodation vessels
74.	Bibby Bergen Limited	England & Wales	α	100%*	Ownership and operation of a floating accommodation vessel

Bibby Line Group Limited

Notes to the Financial Statements

For the year ended 31 December 2019

	Company Name	Country of Incorporation	Registered office	% Equity Share Capital Held	Type of Business
75.	Bibby Challenge Limited	England & Wales	α	100%*	Ownership and operation of a floating accommodation vessel
76.	Bibby Maritime Crewing Services Limited	England & Wales	α	100%*	Provision of crew services
77.	Bibby Maritime Nigeria Limited	Nigeria	α	100%*	In liquidation
78.	Bibby Progress Limited	England & Wales	α	100%*	Ownership and operation of a floating accommodation vessel
79.	Bibby Renaissance Limited	England & Wales	α	100%	Dormant
80.	Bibby Stockholm Limited	England & Wales	α	100%*	Ownership and operation of a floating accommodation vessel
81.	Bibby Line Limited	England & Wales	α	100%	Holding company
82.	Bibby Bulk Carriers Limited	England & Wales	α	100%*	Non-trading
83.	Bibby Gas Carrier Limited	England & Wales	α	100%*	Dormant
84.	Bibby Navigation Limited	England & Wales	α	100%*	Non-trading
85.	Bibby Pool Partner Limited	England & Wales	α	100%*	Non-trading
86.	Bibby Trader Limited	England & Wales	α	100%	Dormant
87.	Bibby Transport Limited	England & Wales	α	100%*	Non-trading
88.	Mumbai Singapore Pte. Ltd.	Singapore	✓	100%*	Non-trading
89.	Costcutter Supermarkets Holdings Limited	England & Wales	α	100%	Holding company
90.	CSMF Limited	England & Wales	α	100%*	Holding company
91.	CSMB Limited	England & Wales	α	100%*	Holding company
92.	Costcutter Holdings Limited	England & Wales	α	100%*	Holding company
93.	Costcutter Supermarkets Group Limited	England & Wales	α	100%*	Holding company for Group which operates as a convenience symbol group in the UK
94.	Costcutter International Limited	England & Wales	α	100%*	Non-trading
95.	Ebor Foodmarkets Limited	England & Wales	α	100%*	Retail
96.	PDQ Limited	England & Wales	α	100%*	Non-trading
97.	Primex UK Limited	England & Wales	α	100%*	Dormant
98.	The Local Independent Trading Company Limited	England & Wales	α	100%*	Non-trading

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Notes to the Financial Statements

For the year ended 31 December 2019

30. Subsidiary undertakings (continued)

Registered offices:

- α 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom
- β 6, Shenton Way, #18-08A Oue Downtown 068809, Singapore
- μ 1/1, The Exchange Building, 142 St. Vincent Street, Glasgow, G2 5LA, United Kingdom
- ≤ 4th Floor Heather House, Heather Road, Sandyford, Dublin 18, Ireland
- ≠ Unit 2302, 23/F Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong
- ¥ Unit 508, Fifth Floor, Metropolis Mall, MG Road, Gurugram, Haryana, 122002 India
- ® Suite 7E, Level 7, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia
- ± 160 Avenue Jean Jaures, CS 90404, 69364 Lyon Cedex, France
- Ø Prievozská 4D, Block E, 13th Floor, Bratislava 821 09, Slovak Republic
- ⌘ Hlinky 118, Brno, 603 00, Czech Republic
- € Laan Van Diepenvoorde 5, 5582 LA, Waalre, Netherlands
- ∑ Hansaallee 249, 40549 Düsseldorf, Germany
- ▲ Poland Eurocentrum, Al. Jerozolimskie 134, 02-305 Warsaw, Poland
- ⊙ c/o Bibby Financial Services Limited, 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom
- ⌚ 1/2 Atarbekova str, 350062, Krasnodar, Krasnodar
- ⊕ Maritime House, 4 Brunel Road, Croft Business Park, Bromborough, Merseyside, CH62 3NY United Kingdom
- ⚓ 25 Adeyemo Alakija Street, Victoria Island, Lagos, Nigeria
- ✓ 10 Anson Road, #09-17 International Plaza, 079903 Singapore