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Registration number 2005619

# Bibby Distribution Services (Holdings) Limited

Directors' Report and Consolidated Financial Statements

for the Year Ended 31 December 2008

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## **Bibby Distribution Services (Holdings) Limited**

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**Bibby Distribution Services (Holdings) Limited**  
**Officers and Advisers**

<b>Chairman</b>	Sir Michael Bibby, Bt
<b>Directors</b>	Sir Michael Bibby, Bt P A Cullingford I A Speak J Haymer A J Mohan A J Paterson S Potter P A Byrne (appointed 1 March 2008)
<b>Secretary</b>	Bibby Bros & Co (Management) Limited
<b>Registered office</b>	105 Duke Street Liverpool L1 5JQ
<b>Bankers</b>	Bank of Scotland 40 Spring Gardens Manchester M2 1EN
<b>Auditors</b>	Deloitte LLP Chartered Accountants and Registered Auditors Liverpool

**Bibby Distribution Services (Holdings) Limited**  
**Directors' Report for the Year Ended 31 December 2008**

The directors present their report together with the audited accounts for the year ended 31 December 2008

**Business review and principal activities**

Bibby Distribution Services (Holdings) Ltd ("the Group") is a wholly-owned subsidiary of Bibby Line Group Limited and acts as the holding company for Bibby Line Group's Distribution division

The Group's principal activities continue to be contract distribution, warehousing and distribution, freight forwarding, training and agency recruitment. The directors are not, at the date of this report, aware of any likely major changes in the Group's activities in the next year.

The Group seeks investment opportunities, both organically and through acquisition in existing and new business areas with a view to implementing its policy of expansion and business growth.

As shown in the profit and loss account on page 8, the Group's turnover has increased by 3.3% over the prior year and the profit before tax has increased. Return on Capital Employed (ROCE) as measured by Profit before Tax over Opening Shareholder Funds is 15.9% (2007 - 18.4%).

The balance sheet on page 9 of the financial statements shows that the Net assets of the Group increased by 10.2% during the year.

With the exception of the increase in the group's stake in System Group, as disclosed in note 27, there have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

The Group manages its operations on a divisional basis. For this reason, the Group's directors believe that further key performance indicators of the Group are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the respective trading subsidiaries are discussed in the Business Reviews and the Directors' Reports as appropriate in the financial statements of those subsidiaries.

**Principal risks and uncertainties**

Competitive pressure in the logistics market is a continuing risk for the Group. To manage this risk the Group strives to maintain efficient utilisation of its operating assets and exercise strong cost control at all times.

The Group provides some services to international markets and customers and is therefore exposed to currency movements on sales and purchases made in foreign currencies. This exposure is mitigated wherever possible by matching costs and income in the same currencies.

The Group is financed principally by a term loan and overdraft facility from its bankers and is therefore exposed to interest rate movement. The Group monitors its exposure to interest rate risk. The Group does not hold or issue derivatives or other financial instruments for speculative purposes.

The Group is a major user of diesel fuel and is therefore exposed to movements in the price of fuel. This risk is mitigated wherever possible by means of fuel price regulator agreements with its customers to pass on any changes in fuel prices.

**Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business review.

The Group has considerable financial resources together with long-term contracts with a number of customers and suppliers across different industries. As a consequence, the directors believe the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

**Bibby Distribution Services (Holdings) Limited**  
**Directors' Report for the Year Ended 31 December 2008**

*continued*

The Group's forecasts and projections, taking into account possible changes in trading performance, show the Group should be able to operate within its current facilities. The Group has held discussions with its bankers about its future borrowing needs and no matters have been drawn to its attention to suggest that these needs will not be forthcoming on acceptable terms.

The Group meets its day to day working capital requirements by managing its debtors and creditors.

After making enquiries, the directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual accounts.

**Corporate governance**

The Group strives to maintain the highest standards in corporate governance and bases its actions on the principles of openness, integrity and accountability. Where relevant and practical for a privately owned group of its size, the Board seeks to implement the Combined Code on Corporate Governance which is prescribed for publicly quoted companies.

**Environment**

The Group recognises the importance of its environmental responsibilities. The Group consumes resources and it produces waste, both of which have an effect on the environment. During the year we have looked at ways of reducing the impact of both activities through recycling and reducing energy consumption.

**Employees**

The Group is committed to the continuing development of effective employee communication, consultation and involvement, including the regular publication of employee magazines.

The policy of the Group is to give full and fair consideration to applications for employment made by disabled persons. If an 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.

The Group participates in a defined benefit scheme and a money purchase scheme operated by Bibby Line Group Limited. The Group also made contributions to a number of private money purchase schemes.

**Bibby Distribution Services (Holdings) Limited**  
**Directors' Report for the Year Ended 31 December 2008**

*continued*

**Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 group and the parent company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and Group and to prevent and detect fraud and other irregularities.

**Results and dividend**

The results for the Group are set out in the financial statements.

During the course of the year an interim dividend of £1,204,000 (2007 - £2,107,000) was paid.

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This statement is given in accordance with s234ZA of the Companies Act 1985.

**Creditor payment policy**

The Group does not follow a specific standard or code for the payment of creditors. It agrees payment terms with its suppliers when it enters into purchase contracts. It then seeks to adhere to these arrangements providing it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

The amounts owed to the Group's trade creditors at the year end represented 49 days (2007 - 57 days) as a proportion of the total amounts invoiced by suppliers during the year.

**Bibby Distribution Services (Holdings) Limited**  
**Directors' Report for the Year Ended 31 December 2008**

*continued*

**Directors**

The directors who held office during the year were as follows

- Sir Michael Bibby, Bt
- P A Cullingford
- I A Speak
- J Haymer
- A J Mohan
- A J Paterson
- S Potter
- P A Byrne (appointed 1 March 2008)

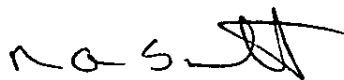
**Auditors**

KPMG LLP resigned as auditors on 21 October 2008. The Directors appointed Deloitte & Touche LLP to fill the casual vacancy.

On 1 December 2008 the company's auditors subsequently changed their name from Deloitte & Touche LLP to Deloitte LLP.

Deloitte LLP have expressed their willingness to continue in office as auditors and a members' written resolution to reappoint them until the end of the next period for appointing auditors in accordance with the provisions of Part 16 of the Companies Act 2006 will be proposed to the members by the directors.

By order of the Board



Bibby Bros & Co (Management) Limited  
Company Secretary

24 April 2009

## **Independent Auditors' Report to the Members of Bibby Distribution Services (Holdings) Limited**

We have audited the group and parent company financial statements (the "financial statements") of Bibby Distribution Services (Holdings) Limited for the year ended 31 December 2008 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 - 28. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 4.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.



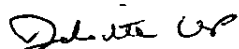
**Independent Auditors' Report to the Members of  
Bibby Distribution Services (Holdings) Limited**

*continued*

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



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**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
Liverpool  
United Kingdom

24 April 2009

**Bibby Distribution Services (Holdings) Limited**  
**Consolidated Profit and Loss Account for the Year Ended 31 December 2008**

	Note	2008 £ 000	2007 £ 000
Turnover	2	187,001	181,042
Cost of sales		<u>(150,426)</u>	<u>(146,943)</u>
<b>Gross profit</b>		36,575	34,099
Administrative expenses		<u>(32,009)</u>	<u>(29,731)</u>
<b>Operating profit</b>	3	4,566	4,368
Share of operating profit in associates		292	31
Other interest receivable and similar income		92	122
Interest payable and similar charges	6	<u>(173)</u>	<u>(283)</u>
<b>Profit on ordinary activities before taxation</b>		4,777	4,238
Tax on profit on ordinary activities	7		
Group		(1,347)	(625)
Associates		<u>(82)</u>	<u>-</u>
<b>Profit for the financial year</b>	19	<u><u>3,348</u></u>	<u><u>3,613</u></u>

Turnover and operating profit derive wholly from continuing operations

The group has no recognised gains or losses for the current and prior year other than the results above

The notes on pages 12 to 27 form an integral part of these financial statements

**Bibby Distribution Services (Holdings) Limited**  
**Consolidated Balance Sheet as at 31 December 2008**

		2008	2007
	Note	£ 000	£ 000
<b>Fixed assets</b>			
Intangible assets	9	5,085	6,268
Tangible assets	10	11,639	12,232
Investment in associate	11	938	949
		<u>17,662</u>	<u>19,449</u>
<b>Current assets</b>			
Stocks	12	626	711
Debtors	13	22,848	26,290
Deferred tax	13	3,559	2,555
Cash at bank and in hand		7,009	1,963
		<u>34,042</u>	<u>31,519</u>
<b>Creditors. Amounts falling due within one year</b>	14	<u>(26,223)</u>	<u>(25,105)</u>
<b>Net current assets</b>		<u>7,819</u>	<u>6,414</u>
<b>Total assets less current liabilities</b>		25,481	25,863
<b>Creditors. Amounts falling due after more than one year</b>	15	(616)	(2,053)
<b>Provisions for liabilities</b>	17	<u>(1,633)</u>	<u>(2,722)</u>
<b>Net assets</b>		<u>23,232</u>	<u>21,088</u>
<b>Capital and reserves</b>			
Called up share capital	18	4,288	4,288
Profit and loss reserve	19	18,944	16,800
<b>Equity shareholders' funds</b>	20	<u>23,232</u>	<u>21,088</u>

Approved by the Board on 24 April 2009 and signed on its behalf by



P A Cullingford  
Director

The notes on pages 12 to 27 form an integral part of these financial statements

**Bibby Distribution Services (Holdings) Limited**

**Balance Sheet as at 31 December 2008**

		2008	2007
	Note	£ 000	£ 000
<b>Fixed assets</b>			
Investments	11	34,107	34,195
<b>Creditors. Amounts falling due within one year</b>	14	<u>(29,092)</u>	<u>(29,163)</u>
<b>Net current liabilities</b>		<u>(29,092)</u>	<u>(29,163)</u>
<b>Total assets less current liabilities</b>		5,015	5,032
<b>Creditors. Amounts falling due after more than one year</b>	15	<u>(341)</u>	<u>(358)</u>
<b>Net assets</b>		<u><u>4,674</u></u>	<u><u>4,674</u></u>
<b>Capital and reserves</b>			
Called up share capital	18	4,288	4,288
Profit and loss reserve	19	<u>386</u>	<u>386</u>
<b>Equity shareholders' funds</b>	20	<u><u>4,674</u></u>	<u><u>4,674</u></u>

Approved by the Board on 24 April 2009 and signed on its behalf by



P A Cullingford  
Director

The notes on pages 12 to 27 form an integral part of these financial statements

**Bibby Distribution Services (Holdings) Limited**  
**Consolidated Cash Flow Statement for the Year Ended 31 December 2008**

	Note	2008 £ 000	2007 £ 000
<b>Net cash inflow from operating activities</b>	23	11,404	6,398
<b>Returns on investments and servicing of finance</b>			
Bank interest paid	(173)	(283)	
Interest received	<u>92</u>	<u>122</u>	
		(81)	(161)
<b>Taxation</b>			
Group relief paid		(593)	(25)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets	(2,200)	(3,614)	
Proceeds from sale of tangible fixed assets	291	1,374	
Vacant property expenditure	<u>(1,658)</u>	<u>(214)</u>	
		(3,567)	(2,454)
<b>Acquisitions and disposals</b>			
Cash consideration for shares in associate		-	(961)
<b>Equity dividends paid</b>		(1,204)	(2,107)
<b>Net cash inflow before financing</b>		<u>5,959</u>	<u>690</u>
<b>Financing</b>			
Bank loan repayments		(912)	(1,572)
<b>Increase/(Decrease) in cash</b>	24	<u>5,047</u>	<u>(882)</u>

The notes on pages 12 to 27 form an integral part of these financial statements

## **Bibby Distribution Services (Holdings) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2008**

#### **1 Accounting policies**

##### **(a) Accounting convention and basis of consolidation**

These accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The group accounts consolidate the accounts of the company and its subsidiary and associated undertakings up to 31 December 2008. As permitted by Section 230 (4) of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented.

The acquisitions method of accounting has been adopted. Under this method the results of the subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

An associate is an undertaking in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercised significant influence. A joint venture is an undertaking in which the group has a long term interest and over which it exercises joint control. The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets is included in investments in the consolidated balance sheet.

##### **(b) Tangible fixed assets and depreciation**

Fixed assets are stated in the balance sheet at cost less depreciation provided to date. Depreciation is provided in equal annual instalments over the estimated useful life of the asset, on the original cost of the asset.

The rates of depreciation are as follows -

Freehold land	Nil
Freehold buildings	2% on straight line basis
Short leasehold land & buildings	The life of the lease
Vehicles & Equipment	Varying rates from 5% - 25%

Property disposals are recognised on legal completion or on exchange of an unconditional contract if earlier.

##### **(c) Intangible fixed assets**

Goodwill arising on consolidation is considered separately for each acquisition. In the case where goodwill is considered to have continuing value it is amortised to nil by equal annual instalments between 5 and 10 years. In those cases where the goodwill is considered to have no continuing value it is accounted for immediately on acquisition by write off through the profit and loss account.

In the Company's financial statements, investments in subsidiary undertakings and associates are stated at cost less amounts written off.

##### **(d) Assets held under operating leases**

Payments made under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

##### **(e) Deferred taxation**

Deferred taxation 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. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

## **Bibby Distribution Services (Holdings) Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

#### **(f) Current tax**

Current tax, including 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

#### **(g) Investments**

Investments held as fixed assets are stated at cost less provision for any impairment

#### **(h) Stocks**

Stocks are stated at the lower of weighted average cost and net realisable value

#### **(i) Turnover**

Turnover represents the total amount receivable in the ordinary course of business for services provided excluding value added tax. Income is recognised at the time the relevant services are provided by the business to its customer. All turnover relates to continuing activities.

#### **(j) Pension costs**

Bibby Distribution Services (Holdings) Limited is a member of the Bibby Line Group Limited Pension Scheme, a defined benefit scheme, but is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis therefore, as required by FRS 17 'Retirement Benefits', Bibby Distribution Services (Holdings) Limited continues to account for the scheme as if it were a defined contribution. As a result, the amount charged to the profit account represents the contributions payable to the Scheme in respect of the accounting period. Differences between the amounts charged in the profit and loss account and the payments made to the scheme are treated as assets or liabilities. The disclosure required by FRS 17 have been incorporated in note 26.

#### **(k) Related party transactions**

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

#### **(l) Foreign currencies**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### **(m) Going concern basis**

The accounts have been prepared on a going concern basis as discussed in the directors report.

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**2 Turnover**

An analysis of turnover by geographical market is given below

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Sales - UK	185,196	179,906
Sales - Europe	1,805	1,136
	<u>187,001</u>	<u>181,042</u>

**3 Operating profit**

Operating profit is stated after charging/(crediting)

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Hire of plant and machinery (Operating leases)	6,429	3,760
Hire of other assets (Operating leases)	4,821	5,449
<b>Auditors' remuneration</b>		
The audit of the company's annual accounts	3	5
The audit of the company's subsidiaries' annual accounts	<u>34</u>	<u>49</u>
	37	54
(Profit)/loss on sale of tangible fixed assets	(92)	24
Depreciation of owned tangible fixed assets	2,595	2,819
Amortisation of goodwill in subsidiary undertakings	1,169	1,016
Amortisation of goodwill in associated undertakings	153	40
Impairment losses	<u>-</u>	<u>83</u>

The prior year auditors' fees were payable to KPMG LLP



# **Bibby Distribution Services (Holdings) Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

### **4 Particulars of employees**

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

	<b>2008</b>	<b>2007</b>
	<b>No.</b>	<b>No.</b>
Warehouse	727	670
Drivers and distribution	922	986
Managerial and administrative	644	609
	<u>2,293</u>	<u>2,265</u>

The aggregate payroll costs of these persons were as follows

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	53,830	53,433
Social security	5,271	5,129
Other pension costs	684	782
	<u>59,785</u>	<u>59,344</u>

### **5 Directors' emoluments**

The directors' emoluments for the year were as follows

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Directors' emoluments (including benefits in kind)	<u>1,065</u>	<u>1,142</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £234,000 (2007 - £214,000)

Compensation payment for loss of office of £Nil (2007 - £72,000) is included in the above amounts

The number of directors to whom retirement benefit was accruing under defined benefit schemes during the year was 3 (2007 - 4) Payments made to this scheme during the year equalled £56,928

### **6 Interest payable and similar charges**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Bank interest payable	173	247
Other interest payable	-	36
	<u>173</u>	<u>283</u>

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**7 Taxation**

**Analysis of current period tax charge**

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current tax</b>		
Corporation tax charge	-	26
Corporation tax charge - associates	82	-
Under provision in previous year	54	-
Group relief payable	2,298	-
UK Corporation tax	<u>2,434</u>	<u>26</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(659)	599
Deferred tax adjustment relating to previous years	(346)	-
<b>Total deferred tax</b>	<u>(1,005)</u>	<u>599</u>
<b>Total tax on profit on ordinary activities</b>	<u>1,429</u>	<u>625</u>

**Factors affecting current period tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than (2007 - lower than) the standard rate of corporation tax in the UK of 28.50% (2007 - 30.00%)

The differences are reconciled below

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Profit on ordinary activities before taxation	<u>4,777</u>	<u>4,238</u>
Standard rate corporation tax charge	1,361	1,271
Utilisation of trading tax losses	-	(547)
Depreciation for the year in excess of capital allowances	668	(1,036)
Expenses not allowable for tax purposes	351	338
Under provision in previous year	54	-
<b>Total current tax for the year</b>	<u>2,434</u>	<u>26</u>

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**8 Dividends**

	<b>Group</b>	
	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Equity dividend on ordinary shares	1,204	2,107
Total	<u>1,204</u>	<u>2,107</u>
Dividend per share 28 pence (2007- 49 pence)		

**9 Intangible fixed assets**

**Group**

	<b>Goodwill</b>
	<b>£ 000</b>
<b>Cost</b>	
As at 1 January 2008	10,670
Adjustment to deferred consideration	(17)
As at 31 December 2008	<u>10,653</u>
<b>Amortisation</b>	
As at 1 January 2008	4,399
Charge for the year	1,169
As at 31 December 2008	<u>5,568</u>
<b>Net book value</b>	
As at 31 December 2008	<u>5,085</u>
As at 31 December 2007	<u>6,271</u>

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**10 Tangible fixed assets**

**Group**

	Freehold land & buildings £ 000	Short leasehold land & buildings £ 000	Vehicles & equipment £ 000	Total £ 000
<b>Cost</b>				
As at 1 January 2008	5,155	2,932	15,964	24,051
Additions	-	148	2,052	2,200
Disposals	-	-	(1,485)	(1,485)
As at 31 December 2008	<u>5,155</u>	<u>3,080</u>	<u>16,531</u>	<u>24,766</u>
<b>Depreciation</b>				
As at 1 January 2008	86	2,689	9,044	11,819
Eliminated on disposals	-	-	(1,287)	(1,287)
Charge for the year	<u>82</u>	<u>199</u>	<u>2,314</u>	<u>2,595</u>
As at 31 December 2008	<u>168</u>	<u>2,888</u>	<u>10,071</u>	<u>13,127</u>
<b>Net book value</b>				
As at 31 December 2008	<u>4,987</u>	<u>192</u>	<u>6,460</u>	<u>11,639</u>
As at 31 December 2007	<u>5,069</u>	<u>243</u>	<u>6,920</u>	<u>12,232</u>

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**11 Investments held as fixed assets**

**Group**

	<b>Interests in associated undertaking £'000</b>
<b>Share of net assets</b>	
At 1 January 2008	123
Additions	
Adjustment to net assets on prior year acquisition	(11)
At 31 December 2008	<u>112</u>
<b>Goodwill arising on acquisition less amortisation</b>	
At beginning of year	798
Amortisation	(153)
Adjustment to net assets on prior year acquisition	11
Adjustment to prior years purchase consideration	(68)
At end of year	<u>588</u>
<b>Share of post acquisition reserves</b>	
At 1 January 2008	28
Retained profits less losses	210
At 31 December 2008	<u>238</u>
<b>Net book value</b>	
At 31 December 2008	<u>938</u>
At 31 December 2007	<u>949</u>

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**Company**

The company holds more than 20% of the ordinary share capital of the following companies

	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>%</b>	<b>Year end</b>
<b>Subsidiary undertakings</b>				
Bibby Distribution Limited	United Kingdom	contract distribution, warehousing and transport	100	31 December 2008
Bibby International Logistics Limited	United Kingdom	distribution, warehousing and international freight forwarding	100	31 December 2008
Direct Workforce Limited	United Kingdom	recruitment, and temporary worker agency	100	31 December 2008
Hammond Logistics Group Limited	United Kingdom	dormant from 31 December 2007	100	31 December 2008
Archfield (Shipping) Limited	United Kingdom	dormant from 31 December 2007	100	31 December 2008

	<b>Country of Incorporation</b>	<b>Principal Activity</b>	<b>%</b>	<b>Year end</b>
<b>Associate</b>				
System Group Limited	United Kingdom	Training	26	30 September 2008

**Investments**

	<b>Subsidiary undertakings</b>	<b>Associated undertaking</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
At 1 January 2008	33,234	961	34,195
Adjustments relating to prior year acquisitions	(18)	(65)	(83)
At 31 December 2008	<u>33,217</u>	<u>893</u>	<u>34,107</u>

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**12 Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Consumables	<u>626</u>	<u>711</u>	<u>-</u>	<u>-</u>

**13 Debtors and deferred tax**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Trade debtors	19,310	22,547	-	-
Other debtors	575	769	-	-
Prepayments and accrued income	<u>2,963</u>	<u>2,974</u>	<u>-</u>	<u>-</u>
	<u>22,848</u>	<u>26,290</u>	<u>-</u>	<u>-</u>

	<b>Group</b>	
The deferred tax asset is made up as follows		
	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Fixed asset timing differences	<u>3,559</u>	<u>2,555</u>
		<b>2008</b>
		<b>£ 000</b>
Balance as at 1 January 2008		2,555
Amount charged to Profit & Loss in period		<u>1,004</u>
Balance as at 31 December 2009		<u>3,559</u>

A deferred tax asset has been recognised based on the directors' estimate of the profit of the Group between 2009 and 2011, which indicates that the asset can reasonably be expected to be recoverable over that timeframe

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**14 Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Bank loans and overdrafts	1,927	1,420	-	-
Trade creditors	14,661	15,149	-	-
Amounts owed to group undertakings	1,579	1,288	29,092	29,163
Group relief payable	1,759	-	-	-
Social security and other taxes	2,368	2,252	-	-
Other Creditors	536	715	-	-
Accruals and deferred income	3,393	4,281	-	-
	<u>26,223</u>	<u>25,105</u>	<u>29,092</u>	<u>29,163</u>

**15 Creditors: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Bank loans and overdrafts	275	1,695	-	-
Deferred consideration	341	358	341	358
	<u>616</u>	<u>2,053</u>	<u>341</u>	<u>358</u>



**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**16 Maturity of borrowings**

**Group**

Amounts repayable

	<b>Bank loans £ 000</b>
<b>As at 31 December 2008</b>	
In one year or less	1,927
Between one and two years	275
	<u>2,202</u>
<b>As at 31 December 2007</b>	
In one year or less	1,420
Between one and two years	1,420
Between two and five years	275
	<u>3,115</u>

The bank loan is secured by a statutory mortgage on the assets of the group and by guarantee of Bibby Distribution Services (Holdings) Limited and its subsidiaries. The loan carries an interest rate that varies with the Bank of Scotland base rate.

**17 Provisions for liabilities**

	<b>2008 £ 000</b>
<b>Vacant property provision</b>	
At 1 January 2008	2,722
Utilised during the year	(1,658)
Provided during the year	569
Balance as at 31 December 2008	<u>1,633</u>
This provision is expected to be utilised through to 2012	

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**18 Share capital**

	2008 £ 000	2007 £ 000
<b>Authorised</b>		
<b>Equity</b>		
4,288,000 Ordinary shares of £1 each	<u>4,288</u>	<u>4,288</u>
<b>Allotted, called up and fully paid</b>		
<b>Equity</b>		
4,288,000 Ordinary shares of £1 each	<u>4,288</u>	<u>4,288</u>

**19 Reserves**

**Group**

	<b>Profit and loss reserve £ 000</b>
Balance at 1 January 2008	16,800
Profit for the financial year	3,348
Dividends paid	<u>(1,204)</u>
Balance at 31 December 2008	<u>18,944</u>

**Company**

	<b>Profit and loss reserve £ 000</b>
Balance at 1 January 2008	386
Profit for the financial year	1,204
Dividends paid	<u>(1,204)</u>
Balance at 31 December 2008	<u>386</u>

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**20 Reconciliation of movements in shareholders' funds**

	<b>Group</b>		<b>Company</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Profit for the financial year	3,348	3,613	1,204	2,107
Dividends paid	(1,204)	(2,107)	(1,204)	(2,107)
Net movement in shareholders' funds	2,144	1,506	-	-
Opening shareholders' funds	21,088	19,582	4,674	4,674
Closing shareholders' funds	<u>23,232</u>	<u>21,088</u>	<u>4,674</u>	<u>4,674</u>

**21 Capital commitments**

Expenditure contracted for but not provided in the financial statements

	<b>2008</b>	<b>2007</b>
	<b>£ 000</b>	<b>£ 000</b>
Capital commitments	<u>213</u>	<u>293</u>

**22 Operating lease commitments**

Annual commitments under non-cancellable operating leases

	<b>2008</b>		<b>2007</b>	
	<b>Property</b>	<b>Other</b>	<b>Property</b>	<b>Other</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Within one year	309	524	272	976
Between two and five years	2,954	4,143	2,025	2,332
After five years	1,153	49	4,033	-
	<u>4,417</u>	<u>4,716</u>	<u>6,330</u>	<u>3,308</u>

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**23 Reconciliation of net operating profit to net cash inflow from operating activities**

	2008	2007
	£ 000	£ 000
Cash flow from operations		
Net operating profit on ordinary activities	4,566	4,368
Depreciation	2,595	2,819
(Profit)/loss on sale of fixed assets	(92)	24
Amortisation of goodwill	1,322	1,056
Impairment	-	83
Movement in vacant property provision	569	1,467
Working capital movements		
Decrease/(increase) in stocks	85	(234)
Decrease /(increase) in debtors	3,883	(2,705)
(Decrease) in creditors	(1,523)	(480)
	2,445	(3,419)
Net cash inflow from operating activities	<u>11,404</u>	<u>6,398</u>

**24 Reconciliation of net cash flow to movement in net funds (debt)**

	2008	2007
	£ 000	£ 000
Movement in cash in the year	5,047	(882)
Movement in bank loan	912	1,572
Change in net debt resulting from cash flows	<u>5,959</u>	<u>690</u>
Movement in net debt in the period	<u>5,959</u>	<u>690</u>
Net debt at 1 January	<u>(1,152)</u>	<u>(1,842)</u>
Net funds / (debt) at 31 December	<u>4,807</u>	<u>(1,152)</u>

**Bibby Distribution Services (Holdings) Limited**  
**Notes to the Financial Statements for the Year Ended 31 December 2008**

*continued*

**25 Analysis of net funds**

	<u>At 1 Jan 2008</u>	<u>Cash flows</u>	<u>At 31 Dec 2008</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Cash at bank and in hand	1,963	5,047	7,010
Bank loans	(3,115)	912	(2,203)
Total	<u>(1,152)</u>	<u>5,959</u>	<u>4,807</u>

**26 Pension costs**

The Company participates in the Bibby Line Group Pension Scheme (the "Scheme"), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The company is unable to identify its share of the underlying assets and liabilities of the scheme as a significant number of members who are deferred or pensioners within the scheme relate to business that are no longer part of the group. The contributions made by the Company over the financial year to this Scheme have been £382,060 (2007 - £476,000), equivalent to 18.1% of pensionable pay.

The Company also participates in various defined contribution schemes for their employees. The contributions made by the Company over the financial year to such schemes have been £251,050 (2007 - £247,000).

**FRS17 Disclosures**

As noted above and under accounting policies (note 1) the Company participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £7,931,000 (2007 - £6,366,000) is noted. Further information can be found in the financial statements of the ultimate holding company.

**27 Post balance sheet events**

On the 2 January 2009 the Group acquired a further 26 per cent of ordinary share capital of System Group Limited. The total shareholding of the Group in System Group Limited increased to 52%.

**28 Ultimate controlling party**

The Company is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate parent undertaking, a company incorporated in the United Kingdom. Group accounts may be obtained from 105 Duke Street, Liverpool, L1 5JQ.

Bibby Line Group Limited is the ultimate parent undertaking of the largest and smallest group which consolidates these accounts, and of which the Company is a member.