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Registration number 2005619

Bibby Distribution Services (Holdings) Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2013

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Bibby Distribution Services (Holdings) Limited
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Bibby Distribution Services (Holdings) Limited
Company Information

Chairman	Sir Michael Bibby Bt
Directors	I A Speak J Haymer P A Byrne P A Cullingford P Kavanagh S A Featherstone E J Rimmer
Company secretary	Bibby Bros & Co (Management) Limited
Registered office	105 Duke Street Liverpool L1 5JQ
Bankers	Bank of Scotland 40 Spring Gardens Manchester M2 1EN Barclays Bank Market Place Crackenedge Lane Dewsbury WF13 1DN Lloyds TSB Lisbon House Wellington Street Leeds LS1 4L1
Auditors	Deloitte LLP Chartered Accountants and Statutory Auditors Liverpool United Kingdom

Bibby Distribution Services (Holdings) Limited

Strategic Report for the Year Ended 31 December 2013

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006

Business Model

Bibby Distribution Services (Holdings) Ltd 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")

The Group's principal activities continue to be contract distribution, warehousing, freight forwarding, returnable plastic packaging, government funded and non funded training and driver 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 and expect the general level of activity to continue

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

Fair review of the business

As shown in the profit and loss account on page 11, the Group's turnover has decreased marginally from £254.9m to £252.4m whereas operating profit has increased by £9.2m from a loss of £3.9m to a profit of £5.3m. The increase in operating profit has been caused primarily by a material improvement in the performance of the training business following the substantial actions taken in the latter part of 2012 and throughout 2013. Operating loss in the training business reduced by £5.3m to give a marginal operating loss for the year of £0.5m. The business is now much more streamlined and focussed with improved processes, controls and systems and work is continuing to return the company to profitability.

Other parts of the Group also performed much better and the contract distribution business continued to improve its performance with an increase in turnover and gross margin.

Further improvements are expected to be seen in the contract distribution business following substantial levels of new business wins in 2013 and continued work to improve operational efficiency by improvements in asset utilisation, processes, controls and systems. A key part of this improvement is significant investment in a single transport management system which is due to go live in 2014. This single system will replace six legacy systems acquired with the various acquisitions made by the business over the last three years.

Return on Capital Employed (ROCE) as measured by profit after tax over opening shareholders' funds is 15.4%, (2012 - 18.7%)

The balance sheet on page 12 of the financial statements shows that the net assets of the Group are £20.2m (2012 - £18.9m) and net debt has increased by £0.3m to £19.9m (2012 - £19.6m). The average number of employees decreased from 2,553 to 2,419.

Bibby Distribution Services (Holdings) Limited
Strategic Report for the Year Ended 31 December 2013

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Strategy, Objectives and Principal Risks

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. A programme of continuous improvement has been implemented and benefits from this are already being seen.

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 customers to pass on any changes in fuel prices. The Group's principal financial instruments comprise bank balances, trade debtors, trade creditors, loans to the business, an interest rate swap and finance lease agreements. The main purpose of these instruments is to finance the Group's operations.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance. Further details regarding the liquidity risk can be found in the Going Concern section on page 4 of the financial statements.

The Group has interest bearing liabilities. The Group has an interest rate swap agreement with a nominal value of £5 million. The interest rate swap is utilised to fix some of the exposure to interest rate fluctuations. The directors regularly monitor the overall Group exposure to potential interest rate fluctuations.

Trade debtors are managed in respect of credit and cash flow risk policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due. The Group manages the liquidity risk by ensuring that there are sufficient funds to meet payments by managing its debtors and through a loan facility which is currently in place.

Following the recent years of high acquisition activity the risk of integrating new businesses into the Group is managed by ensuring that a sufficiently detailed integration plan is performed and implemented by suitably qualified and experienced personnel.

Bibby Distribution Services (Holdings) Limited
Strategic Report for the Year Ended 31 December 2013

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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 Fair Review of Business

At 31 December 2013 the Group had net current liabilities of £2.6m (2012 - £4.8m) a cash position of £1.4m (2012 - £2.1m) and borrowings of £21.3m (2012 - £21.6m)

The Group has in place two main funding facilities provided by its principal bankers being an invoice discounting facility secured on its trade debtors and a term loan facility secured on freehold property

The invoice discounting facility had a value of £16.1m at year end (2012 - £20.4m). This facility was renewed on 1 January 2014 for a minimum 3 year term

The term loan facility had a balance of £3.5m at the year end (2012 - £3.9m) and is repayable in instalments by October 2017

The combined facilities have certain covenant restrictions. No covenant breaches have occurred in the current year or are forecast in the next 12 months

The Group's forecasts and projections taking into account of reasonably possible changes in trading performance show that the Group should be able to operate within the level of its current facilities and meet its covenant tests. 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. Thus they continue to adopt the going concern basis in preparing the annual accounts

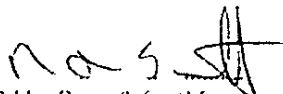
Bibby Distribution Services (Holdings) Limited
Strategic Report for the Year Ended 31 December 2013

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Future Developments

The Directors are committed to further growth going forward and therefore will continue to seek investment opportunities both organically and through acquisition in existing and new business areas. This will enable the Group to develop and broaden its range of supply chain services.

Approved by the Board on 21 March 2014 and signed on its behalf by



Bibby Bros & Co (Management) Limited
Company Secretary

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

Bibby Distribution Services (Holdings) Limited
Directors' Report for the Year Ended 31 December 2013

The directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2013

Results and dividend

The results for the group are set out in the financial statements

During the year interim dividends of £1 500 000 (2012 - £1 068 000) were paid

Directors of the company

The directors who held office during the year and thereafter unless otherwise stated were as follows

Sir Michael Bibby Bt - Chairman

I A Speak

J Haymer

P A Byrne

P A Cullingford

P Kavanagh

S A Featherstone (appointed 29 August 2013)

The following director was appointed after the year end

I J Rimmer (appointed 1 January 2014)

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 retraining as necessary. Disabled persons share equally in the opportunities available for training, career development and promotion

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

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 represent 66 days (2012: 62 days) as a proportion of the total amounts invoiced by suppliers during the year

Corporate governance

The Group strives to maintain the highest standards in corporate governance and bases its actions on the principals of openness, integrity and accountability. Audit and Remuneration committees exist within Bibby Line Group Limited which also covers the activities of the Group. Where relevant and practical for a privately-owned group of its size, the Board seeks to implement the Combined Code on Corporate Governance prescribed for publicly quoted companies

Bibby Distribution Services (Holdings) Limited
Directors' Report for the Year Ended 31 December 2013

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Directors' responsibilities statement

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 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). 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 group and the company and of the profit or loss of the group 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.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors, which were made during the year and remain in force at the date of this report.

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.

Bibby Distribution Services (Holdings) Limited
Directors' Report for the Year Ended 31 December 2013

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Disclosure of information to the auditor

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 auditor is unaware and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

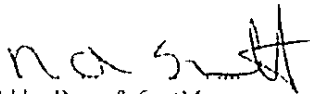
This statement is given and should be interpreted in accordance with s418 of the Companies Act 2006

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Post-balance sheet events

No events have occurred since the year end which require reporting or disclosing in the financial statements other than the payment on 3 January 2014 of an interim dividend in respect of the year ending 31 December 2014

Approved by the Board on 21 March 2014 and signed on its behalf by



Bibby Bros & Co (Management) Limited
Company secretary

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

Independent Auditor's Report to the Members of Bibby Distribution Services (Holdings) Limited

We have audited the financial statements of Bibby Distribution Services (Holdings) Limited for the year ended 31 December 2013, which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Statement of Total Recognised Gains and Losses, the consolidated Cash Flow Statement and the related notes 1 to 30 as set out on pages 11 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement (set out on page 7), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.


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

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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


Timothy Edge
(Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Chartered Accountants and Statutory Auditor
Liverpool
United Kingdom

21 March 2014

Bibby Distribution Services (Holdings) Limited
Consolidated Profit and Loss Account for the Year Ended 31 December 2013

	Note	2013 £ 000	2012 £ 000
Turnover	2	252 386	254 874
Cost of sales		<u>(207 158)</u>	<u>(215 916)</u>
Gross profit		45 228	38 958
Administrative expenses		(39 996)	(42 962)
Other operating income	3	<u>74</u>	<u>88</u>
Group operating profit/(loss)	4	5 306	(3 916)
Interest payable and similar charges	7	<u>(676)</u>	<u>(735)</u>
Profit/(loss) on ordinary activities before taxation		4 630	(4 651)
Tax on profit/(loss) on ordinary activities	8	<u>(1 720)</u>	<u>(85)</u>
Profit/(loss) on ordinary activities after taxation		2 910	(4 736)
Minority interest		<u>-</u>	<u>155</u>
Profit/(loss) for the financial year	20 22	<u>2 910</u>	<u>(4 581)</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 and accordingly a separate statement of total gains and losses has not been prepared

Bibby Distribution Services (Holdings) Limited
Consolidated Balance Sheet at 31 December 2013

		2013		2012	
	Note	£ 000	£ 000	£ 000	£ 000
Fixed assets					
Intangible fixed assets	10		9 427		11 777
Tangible fixed assets	11		21 732		22 432
Current assets					
Stocks	13	1 179		1 091	
Debtors	14	51 089		44 468	
Cash at bank and in hand		1 417		2 077	
		53 685		47 636	
Creditors: Amounts falling due within one year	15	(56 228)		(52 394)	
Net current liabilities			(2 543)		(4,758)
Total assets less current liabilities			28 616		29 451
Creditors: Amounts falling due after more than one year	16		(5,111)		(5 960)
Provisions for liabilities	18		(3 229)		(4 625)
Net assets			20 276		18 866
Capital and reserves					
Called up share capital	19	4 288		4 288	
Profit and loss account	20	15 988		14 578	
Shareholders' funds	22		20 276		18,866

The consolidated financial statements of Bibby Distribution Services (Holdings) Limited registered number 2005619 were approved by the Board on 21 March 2014 and signed on its behalf by


P A Cullingford
Director


Bibby Distribution Services (Holdings) Limited

(Registration number: 2005619)

Balance Sheet at 31 December 2013

	Note	2013 £ 000	2012 £ 000
Fixed assets			
Investments	12	<u>32,454</u>	<u>32,454</u>
Creditors: Amounts falling due within one year	15	<u>(25,268)</u>	<u>(29,268)</u>
Net current liabilities		<u>(25,268)</u>	<u>(29,268)</u>
Net assets		<u>7,186</u>	<u>3,186</u>
Capital and reserves			
Called up share capital	19	4,288	4,288
Profit and loss account	20	<u>2,898</u>	<u>(1,102)</u>
Shareholders' funds	22	<u>7,186</u>	<u>3,186</u>

The financial statements of Bibby Distribution Services (Holdings) Limited registered number 2005619 were approved by the Board on 21 March 2014 and signed on its behalf by



P A Cullingford
Director

Bibby Distribution Services (Holdings) Limited
Consolidated Cash Flow Statement for the Year Ended 31 December 2013

Cash flow statement

		2013	2012
	Note	£000	£000
Net cash from operating activities	25	8 811	8 288
Bank interest paid		(676)	(716)
		(676)	(716)
Taxation			
Group relief paid	(320)	(815)	
Corporation tax paid	(380)	(1 000)	
		(700)	(1 815)
Capital Expenditure			
Purchase of tangible fixed assets	(4,760)	(2 202)	
Proceeds from sale of tangible fixed assets	1 351	1 275	
		(3 409)	(927)
Acquisitions and disposals			
Deferred consideration paid	(2 819)	(824)	
		(2 819)	(824)
Equity dividends paid		(1 500)	(1 063)
Net inflow/(outflow) before financing		(293)	2 938
Financing			
Capital element of finance leases		(603)	(1 485)
Loans (repaid)/drawdown		236	(928)
(Decrease) / increase in cash	26	(660)	522

Bibby Distribution Services (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. They have all been applied consistently throughout the year and the preceding year.

(a) Basis of consolidation

The consolidated financial statements included the financial statements of the company and its subsidiary undertakings made up to 31 December 2013. The acquisition 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. Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account. Its profit for the financial year was £5,500,000 (2012: £732,000 loss).

(b) Going concern

The Group's business activities together with the factors likely to affect its future performance are set out in the business review. After making enquiries as set out on page 3 of the Directors' Report, 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 financial statements.

(c) 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 Group to the customer or provided under contracts to the extent that there is a right to a consideration and is recorded at the value of the consideration due. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

(d) 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 less of estimated residual value of the asset.

Asset class	Depreciation rate
Freehold Land	Nil
Freehold Buildings	2% on straight line basis
Short leasehold land & Buildings	The life of the lease
Vehicles and equipment	Varying rates from 5% to 25%

Property disposals are recognised on legal completion or on exchange of an unconditional contract if earlier. Residual value is based on values prevailing at the date of acquisition.

(e) 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 over a period between 5 and 10 years.

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

. . . . continued

(f) Stocks

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

(g) Deferred taxation

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

(h) Current tax

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

(i) Investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments in subsidiary undertakings are stated at cost less amounts written off

(j) Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term, even when payments are not made on such a basis

(k) Hire purchase and finance lease contracts

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the group, are capitalised in the balance sheet as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of future obligations under the leases are included as liabilities in the balance sheet. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. Assets held under hire purchase agreements are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract and represent a constant proportion of the balance of capital repayments outstanding

Assets acquired under finance leases are treated as tangible fixed assets and depreciation is provided accordingly. The capital element of future finance payments is included within creditors. Finance charges are allocated to accounting periods over the length of the contract

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

(l) Pensions

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 scheme. As a result the amount charged to the profit and loss account represents the contributions payable to the Scheme in respect of the accounting period. Differences between the amounts charged to the profit and loss accounts and the payments made to the scheme are treated as assets or liabilities. The disclosures required by FRS 17 have been incorporated in note 28.

(m) Related party transactions

Under FRS 8 "Related Party Disclosures" the company has taken advantage of the exemption not to disclose inter group related party transactions with other group companies where 100% of the voting rights are controlled by the ultimate parent undertaking Bibby Line Group Limited.

(n) Foreign currencies

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

(o) Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

(p) Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs.

(q) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or use derivative financial instruments for speculative purposes. Derivatives are not included at fair value in the financial statements but in accordance with the Companies Act 2006 the fair value is disclosed in note 17.

(r) Long-term contracts

Amounts recoverable on long-term contracts which are included in debtors are stated at the net sales work done less amounts received is progress payments on account. Excess progress payments are included in creditors as payments on account. Long-term contract balances represents costs incurred on specific contracts net of amounts transferred to costs of sales in respect of work recorded as turnover less foreseeable losses and payments on account not matched with turnover. Profit is recognised on long-term contracts if the final outcome can be assessed with reasonable certainty by including in the profit and loss turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value. Provision is made for the full amount of foreseeable losses on contracts. Income arising from settlement of contract claims is recorded when final negotiations have been completed and the amount of the settlement is considered to be collectable.

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

... continued

2 Turnover

An analysis of turnover by geographical location is given below

	2013 £ 000	2012 £ 000
Sales - UK	247 858	244 831
Sales - Europe	4 528	10 043
	<u>252 386</u>	<u>254 874</u>

3 Other operating income

	2013 £ 000	2012 £ 000
Government grants receivable	74	88
	<u>74</u>	<u>88</u>

4 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting)

	2013 £ 000	2012 £ 000
Operating leases - plant and machinery	7 786	7 791
Operating leases - other assets	8 616	9 233
Fees payable to the Company's auditor for the audit of the Company's annual accounts	3	3
Fees payable to the Company's auditor for the audit of the company's subsidiaries annual accounts	57	59
Profit on disposal of fixed assets	(357)	(400)
Depreciation of tangible fixed assets - owned	3 303	3,968
Depreciation of tangible fixed assets - held under finance leases	1 162	1 282
Exceptional revenue written off	-	729
Exceptional costs	-	727
Amortisation of goodwill	1 971	2 710
Other exceptional item	<u>-</u>	<u>444</u>

Exceptional revenue and costs in the prior year relate to losses in the Group's subsidiary company System Group arising from a restructuring and reorganisation of the business

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

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5 Particulars of employees

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

	2013 No	2012 No
Warehouse	633	639
Drivers and distribution	1 005	1 120
Managerial and administrative	781	794
	<u>2,419</u>	<u>2,553</u>

The aggregate payroll costs were as follows

	2013 £ 000	2012 £ 000
Wages and salaries	64 681	66 067
Social security costs	5 923	6 405
Staff pensions	1 029	924
	<u>71 633</u>	<u>73 396</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows

	2013 £ 000	2012 £ 000
Directors' remuneration (including benefits in kind)	996	611
Directors' pensions	93	81
	<u>1 089</u>	<u>692</u>

The number of directors to whom retirement benefit was accruing under a defined benefit scheme during the year was 2 (2012 - 2). This scheme was closed on 30 September 2011. Payments made to this scheme during the year were £nil (2012 - £nil).

In respect of the highest paid director

	2013 £ 000	2012 £ 000
Remuneration	349	246
Company contributions to pension schemes	<u>30</u>	<u>33</u>

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

... .. continued

7 Interest payable and similar charges

	2013 £ 000	2012 £ 000
Interest on receivable financing	513	507
Term loan interest	111	54
Other interest payable	-	5
Finance lease and hire purchase interest	32	150
Amortised issue costs on bank loans	20	19
Group interest payable and similar charges	<u>676</u>	<u>735</u>

8 Taxation

Tax on profit/(loss) on ordinary activities

	2013 £ 000	2012 £ 000
Current tax		
Corporation tax charge/(credit)	1 511	(203)
Adjustments in respect of previous years	340	(38)
UK Corporation tax	<u>1 851</u>	<u>(241)</u>
Deferred tax		
Origination and reversal of timing differences	<u>(131)</u>	<u>326</u>
Total tax on profit/(loss) on ordinary activities	<u>1 720</u>	<u>85</u>

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

... continued

Factors affecting current tax charge for the year

Tax on profit/(loss) on ordinary activities for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)

The differences are reconciled below

	2013 £ 000	2012 £ 000
Profit/(loss) on ordinary activities before taxation	4,630	(4,651)
Corporation tax at standard rate	1,076	(1,140)
Expenses not allowable for tax purposes	349	781
Adjustment in respect of previous year	340	(38)
Fixed asset timing differences	86	156
Total current tax	1,851	(241)

Factors that may affect future tax charges

In his budget of 20 March 2013 the Chancellor of the Exchequer announced changes to further reduce the main rate of corporation tax to 21% with effect from 1 April 2014 (previously set to reduce to 22%) and again to 20% with effect from 1 April 2015.

The reductions in the main rate of corporation tax were legislated in the Finance Act 2013 which received Royal Assent on 17 July 2013. As this legislation was substantively enacted by the balance sheet date the deferred tax balances have been revalued to the lower rate of 20% in these accounts as this is the rate at which the deferred tax balances are expected to reverse in future.

9 Dividends on equity shares

	2013 £ 000	2012 £ 000
Equity dividends paid	1,500	1,068

35 pence per £1 share (2012 - 25 pence per £1 share)

Bibby Distribution Services (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

10 Intangible fixed assets

Group

	Goodwill £ 000
Cost	
At 1 January 2013	26 695
Decrease in value of deferred consideration	<u>(379)</u>
At 31 December 2013	<u>26 316</u>
Amortisation	
At 1 January 2013	14 918
Charge for the year	<u>1 971</u>
At 31 December 2013	<u>16 889</u>
Net book value	
At 31 December 2013	<u>9 427</u>
At 31 December 2012	<u>11 777</u>

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

.. continued

11 Tangible fixed assets

Group

	Freehold land and buildings £ 000	Short leasehold land and buildings £ 000	Vehicles and equipment £ 000	Total £ 000
Cost or valuation				
At 1 January 2013	8 951	5 189	26 820	40 960
Additions	21	263	4 477	4 761
Disposals	(1 181)	(1 813)	(7 672)	(10 666)
At 31 December 2013	<u>7 791</u>	<u>3 639</u>	<u>23 625</u>	<u>35 055</u>
Depreciation				
At 1 January 2013	1 249	3 892	13 387	18 528
Charge for the year	188	248	4,029	4 465
Eliminated on disposals	(691)	(1 797)	(7 182)	(9 670)
At 31 December 2013	<u>746</u>	<u>2 343</u>	<u>10 234</u>	<u>13 323</u>
Net book value				
At 31 December 2013	<u>7 045</u>	<u>1,296</u>	<u>13 391</u>	<u>21 732</u>
At 31 December 2012	<u>7 702</u>	<u>1,297</u>	<u>13 433</u>	<u>22 432</u>
Net book value of leased assets included above				
At 31 December 2013	<u>-</u>	<u>-</u>	<u>4 336</u>	<u>4 336</u>
At 31 December 2012	<u>-</u>	<u>-</u>	<u>5 406</u>	<u>5 406</u>

Net book value of freehold land which is not depreciated is £2 506 153 (2012 £3 043 153)

Included within the net book value of tangible fixed assets is £4 701 385 (2012 - £5 406 000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £1 228 951 (2012 - £1 681 218)

The Group has a £3 931 000 Term loan (2012 £4 380 000) which is secured against freehold land and buildings

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

12 Investments held as fixed assets

Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows

Undertaking	Proportion of voting rights and shares held	Principal activity	Period end
Subsidiary undertakings			
Bibby Distribution Limited	100%	Contract distribution warehousing and transport	31 December
Bibby International Logistics Limited	100%	Warehouse Rental	31 December
Direct Workforce Limited	100%	Recruitment and temporary worker agency	31 December
System Group Limited	100%	Training Services	31 December
Packaging Logistics Services Limited	100%	Returnable Packaging solutions	31 December

Company

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000
Cost	
At 1 January 2013	32,454
At 31 December 2013	32,454
Net book value	
At 31 December 2013	32,454
At 31 December 2012	32,454

Bibby Distribution Services (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

13 Stocks

	Group		Company	
	2013	2012	2013	2012
	£ 000	£ 000	£ 000	£ 000
Stocks	<u>1 179</u>	<u>1 091</u>	<u>-</u>	<u>-</u>

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

14 Debtors and deferred tax

	Group		Company	
	2013	2012	2013	2012
	£ 000	£ 000	£ 000	£ 000
Trade debtors	45 381	38 000	-	-
Corporation Tax	-	447	-	-
Other debtors	490	1 885	-	-
Deferred tax	1 112	981	-	-
Prepayments and accrued income	4,106	3 115	-	-
Amounts owed by group undertakings	-	40	-	-
	<u>51 089</u>	<u>44 468</u>	<u>-</u>	<u>-</u>

Deferred tax

The movement in the deferred tax asset in the year is as follows

	Group	Company
	£ 000	£ 000
At 1 January 2013	981	-
Deferred tax credited to the profit and loss account	<u>131</u>	<u>-</u>
At 31 December 2013	<u>1 112</u>	<u>-</u>

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

... continued

Analysis of deferred tax

Group

	2013 £ 000	2012 £ 000
Fixed asset timing differences	<u>1 112</u>	<u>841</u>

A deferred tax asset has been recognised based on the directors' estimate of the future profitability of the relevant group companies between 2014 and 2016. This indicates that the asset can reasonably be expected to be recovered over that timeframe.

15 Creditors – Amounts falling due within one year

	Group		Company	
	2013 £ 000	2012 £ 000	2013 £ 000	2012 £ 000
Bank loans and overdrafts	15 242	14 556	-	-
Obligations under finance lease and hire purchase contracts	1 219	1 490	-	-
Trade creditors	16 760	13 909	-	-
Deferred consideration	-	3 198	-	-
Amounts owed to group undertakings	490	-	25 268	29 268
Taxation and social security	3 534	2 206	-	-
Other creditors	1 232	746	-	-
Accruals and deferred income	16 978	16 217	-	-
Government Grants	69	72	-	-
Corporation tax	704	-	-	-
	<u>56 228</u>	<u>52 394</u>	<u>25 268</u>	<u>29 268</u>

16 Creditors – Amounts falling due after more than one year

	Group		Company	
	2013 £ 000	2012 £ 000	2013 £ 000	2012 £ 000
Bank loans and overdrafts	3 482	3 932	-	-
Obligations under finance lease and hire purchase contracts	1,325	1 657	-	-
Government grants	304	371	-	-
	<u>5 111</u>	<u>5 960</u>	<u>-</u>	<u>-</u>

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

17 Maturity of borrowings

a) The bank loans can be analysed as follows

	2013	2012
	£ 000	£ 000
Term Loan	3 931	4 380
Receivable finance agreement	14 831	14 146
Less: issue costs	(38)	(38)
	<u>18 724</u>	<u>18 488</u>

b) The term loan is repayable in quarterly intervals until October 2017. It is secured against freehold property. Interest on it has been fixed at an overall rate of 4.03%.

The receivables finance agreement has an interest rate that varies in line with Basic Rate and is secured against the trade debtors of the Group. This agreement was renewed on 1 January 2014 for a minimum term of 3 years.

INTEREST RATE SWAP CONTRACT

The interest rate swap implicit in the loan at 31 December 2013 had a fair value of £92,642 liability (2012: £282,484 liability). The fair value was calculated based on mid-market values at 31 December 2013.

	Bank loans	Obligations	Total
	£ 000	under	£ 000
		finance lease	
		and HP	
		contracts	
		£ 000	
As at 31 December 2013			
In one year or less on demand	15 242	1 219	16 461
Between one and two years	3 482	1 059	4 541
Between two and five years	-	266	266
	<u>18 724</u>	<u>2 544</u>	<u>21 268</u>

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

	Bank loans £ 000	Obligations under finance lease and HP contracts £ 000	Total £ 000
As at 31 December 2012			
In one year or less on demand	14 556	1 490	16 046
Between one and two years	448	1 657	2 105
Between two and five years	3 484	-	3 484
	<u>18 488</u>	<u>3 147</u>	<u>21 635</u>

18 Provisions for liabilities

Group

	Vacant property provision £ 000
At 1 January 2013	<u>4 625</u>
Charged to the profit and loss account	804
Utilised during the year	<u>(2 200)</u>
	<u>(1 396)</u>
At 31 December 2013	<u>3 229</u>

It is estimated that these provisions will be substantially utilised in the period 2014-2016

19 Share capital

Allotted, called up and fully paid shares

	2013		2012	
	No. 000	£ 000	No. 000	£ 000
Authorised Shares of £1 each	<u>4 288</u>	<u>4 288</u>	<u>4 285</u>	<u>4 288</u>

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

20 Reserves

Group

	Profit and loss account £ 000
At 1 January 2013	14 578
Profit for the year	2 910
Dividends	<u>(1 500)</u>
At 31 December 2013	<u>15 988</u>

Company

	Profit and loss account £ 000
At 1 January 2013	(1 102)
Profit for the year	5 500
Dividends	<u>(1 500)</u>
At 31 December 2013	<u>2 898</u>

21 Equity minority interests

	2013 £ 000	2012 £ 000
Balance at 1 January	-	155
Retained loss for the year		<u>(155)</u>
Balance at 31 December	<u>-</u>	<u>-</u>

Bibby Distribution Services (Holdings) Limited
Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

22 Reconciliation of movement in shareholders' funds

Group

	2013 £ 000	2012 £ 000
Profit/(loss) attributable to the members of the group	2 910	(4 581)
Dividends	<u>(1 500)</u>	<u>(1 068)</u>
Net addition/(reduction) to shareholders' funds	1 410	(5 649)
Shareholders' funds at 1 January	<u>18 866</u>	<u>24 515</u>
Shareholders' funds at 31 December	<u><u>20 276</u></u>	<u><u>18 866</u></u>

Company

	2013 £ 000	2012 £ 000
Profit/(loss) attributable to the members of the company	5 500	(732)
Dividends	<u>(1 500)</u>	<u>(1 068)</u>
Net addition/(reduction) to shareholders' funds	4 000	(1,800)
Shareholders' funds at 1 January	<u>3 186</u>	<u>4 986</u>
Shareholders' funds at 31 December	<u><u>7 186</u></u>	<u><u>3 186</u></u>

23 Capital commitments

Expenditure contracted for but not provided in the financial statements

	2013 £ 000	2012 £ 000
Capital commitments	<u>1 482</u>	<u>756</u>

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... *continued*

24 Operating lease commitments

Group

At the year end the group had annual commitments under non-cancellable operating leases which expire as follows

	2013 £ 000	2012 £ 000
Land and Buildings		
Within one year	956	2 448
Current Period	2 606	2 204
Current Period	2 957	1 763
	<u>6 520</u>	<u>6 415</u>
Plant and Machinery and Motor Vehicles		
Within one year	1 843	293
Between two and five years	4 558	5 026
After five years	707	1 653
Total	<u>7 107</u>	<u>6 972</u>

25 Reconciliation of operating profit/(loss) to cash from operating activities

	2013 £000	2012 £000
Operating profit/(loss)	5 306	(3 916)
Depreciation	4 465	5 250
Profit on sale of fixed assets	(356)	(400)
Amortisation of goodwill	1,971	2 710
Impairment of goodwill	-	444
Government grant amortisation	(74)	(88)
Movement in vacant property provision	(1 396)	1 440
Working Capital Movements		
Increase in stocks	(88)	(20)
(Increase)/decrease in debtors	(6 937)	2 844
Increase in creditors	5 920	24
	<u>(1 105)</u>	<u>2 848</u>
Net cash inflow from operating activities	<u>8 811</u>	<u>8 288</u>

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

26 Reconciliation of net cash flow to movement in net debt

	2013 £ 000	2012 £ 000
Movement in cash in the year	(660)	522
Movement in lease financing and debt	367	2,416
Movement in net debt in year	(293)	2,938
Net debt at 1 January	(19,558)	(22,496)
Net debt at 31 December	(19,851)	(19,558)

27 Analysis of net debt

	1 January 2013 £ 000	Cash flows £ 000	At 31 December 2013 £ 000
Cash at bank and in hand	2,077	(660)	1,417
	2,077	(660)	1,417
Bank loans	(18,488)	(236)	(18,724)
Finance leases	(3,117)	603	(2,544)
Total	(19,558)	(293)	(19,851)

Bibby Distribution Services (Holdings) Limited

Notes to the Financial Statements for the Year Ended 31 December 2013

..... continued

28 Pension costs

The Group participates in the Bibby Line Group Pension Scheme (the "Scheme"), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000 and to future accrual for existing members from 30 September 2011. The Group 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 businesses that are no longer part of the Group. The contributions made by the Group over the financial year to this Scheme have been £266,712 (2012 - £291,244).

Since 1 April 2000, the Group has participated in a defined contribution scheme for new employees, currently the Bibby Line Group Personal Pension Plan ("the Plan"), which is a defined contribution scheme for new employees. The contributions made by the Group over the financial year to the Plan have been £744,387 (2012 - £548,611).

The Group has also made contributions of £17,896 (2012 - £3,282) to private money purchase pension schemes.

There were no outstanding payments in relation to pension contributions at the year end (2012 - £nil).

FRS17 Disclosures

As noted above and under accounting policies (see note 1) the Group participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £12,880,000 (2012 - £14,782,000) is noted. Further information on the Scheme can be found in the financial statements of the ultimate parent company.

29 Post balance sheet events

No events have occurred since the year end which require reporting or disclosing in the financial statements other than the payment on 3 January 2014 of an interim dividend in respect of the year ending 31 December 2014.

30 Ultimate controlling party

The Company is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate controlling party and 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.