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Registration number: 2005619

Bibby Supply Chain Services Limited

(Formerly Bibby Distribution Services (Holdings) Limited)

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2014

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Bibby Supply Chain Services Limited
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Bibby Supply Chain Services Limited
Company Information

Directors	J Haymer P A Cullingford M P Brown
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 4LT
Auditors	Deloitte LLP Chartered Accountants and Statutory Auditors Liverpool United Kingdom

Bibby Supply Chain Services Limited

Strategic Report for the Year Ended 31 December 2014

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

Business Model

Bibby Supply Chain Services Limited is a wholly-owned subsidiary of Bibby Line Group Limited and acts as the holding company for Bibby Line Group's logistics division "the Group".

On 13th January 2015 the Group sold System Group Limited a wholly owned subsidiary of the group engaged in training. The results from this operation have been disclosed as discontinued operations in the profit and loss account and note 4 to the accounts.

The Group's principal activities continue to be contract distribution, warehousing, freight forwarding, returnable plastic packaging, and driver agency recruitment. The directors are not, at the date of this report, aware of any likely major changes in the Group's remaining 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 10 the Group's turnover overall remained static year on year but on continuing operations increased marginally from £241.4m to £242.3m. However, the Group operating profit has decreased by £8.3m from a profit of £5.3m to an operating loss of £3.0m.

Part of the operating loss for the year has arisen in System Group with a deterioration in performance year on year excluding exceptionals of £2.6m reflecting the ever changing environment of the government funded training market and leading to the decision of the Group directors to sell the business. As mentioned above the Company was ultimately sold on 13th January 2015.

In addition to the above losses within System Group, Bibby Distribution had a very difficult year with a fall in year on year operating profit of £4.1m from £3.8m to a loss of £0.3m driven by customer losses, new business gained in 2013 not performing as well as expected and delays encountered in the implementation of a new transport management system that was expected to be completed during the year thereby delaying the achievement of expected operating efficiencies.

Other parts of the Group have seen major strategic investment in management and development of new technologies and products which should become revenue and profit generating in 2015 and beyond.

Major improvement plans are now in place in Bibby Distribution following a comprehensive review of the business with substantial focus being placed on process improvement, management structure and development and systems development and integration. Work is continuing on the implementation of the new transport management system which is now planned to be fully implemented in the business during the course of 2015. This implementation will help drive operational efficiency by improvements in asset utilisation and reductions in operating costs.

Return on Capital Employed (ROCE) as measured by profit after tax over opening shareholders' funds is -18.5%, (2013: 15.4%).

The balance sheet on page 11 of the financial statements shows that the net assets of the Group are £15.1m (2013 - £20.3m) and net debt has increased by £8.9m to £28.8m (2013: £19.9m). The average number of employees increased from 2,419 to 2,429.

Bibby Supply Chain Services Limited
Strategic Report for the Year Ended 31 December 2014

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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 Supply Chain Services Limited
Strategic Report for the Year Ended 31 December 2014

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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 the business.

At 31 December 2014, the Group had net current assets of £15.7m (2013 - £2.5m liability), a cash position of £0.9m (2013 - £1.4m) and borrowings of £29.7m (2013 - £21.3m).

The Group has in place two main funding facilities provided by its principal bankers being a receivables finance arrangement secured on its trade debtors and a term loan facility secured on freehold property.

The borrowings under the receivables finance arrangement facility had a value of £21.0m at year end (2013 - £14.8m). 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 (2013 - £3.9m) and is repayable in instalments until October 2017.

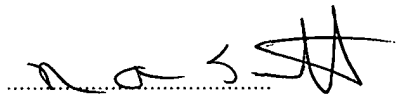
The combined facilities have certain covenant restrictions. No covenant breaches have occurred in the current year, or are forecast in the next 12 months.

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.

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 27/1/15 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)
United SECRETARY

Bibby Supply Chain Services Limited

Directors' Report for the Year Ended 31 December 2014

The directors present their annual report and the audited consolidated financial statements of Bibby Supply Chain Services Limited and its subsidiaries for the year ended 31 December 2014.

During the year interim dividends of £1,402,000 (2013 - £1,500,000) 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 (resigned 5 November 2014)

I A Speak (resigned 31 December 2014)

J Haymer

P A Byrne (resigned 31 December 2014)

P A Cullingford

P Kavanagh (resigned 31 December 2014)

S A Featherstone (resigned 31 December 2014)

E J Rimmer (appointed 1 January 2014 and resigned 31 December 2014)

M P Brown (appointed 5 November 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. The defined benefit pension scheme closed to future accrual for existing members on 30 September 2011.

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 63 days (2013: 66 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 Supply Chain Services Limited
Directors' Report for the Year Ended 31 December 2014

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Directors' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Supply Chain Services Limited
Directors' Report for the Year Ended 31 December 2014

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Disclosure of information to the auditor

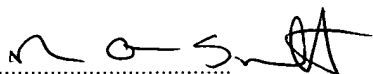
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

Approved by the Board on 27/3/15 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)
United. SECURITY

Independent Auditor's Report to the Members of Bibby Supply Chain Services Limited

We have audited the financial statements of Bibby Supply Chain Services Limited for the year ended 31 December 2014, 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 10 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 6), 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 Annual 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 2014 and of the group's loss 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 matters prescribed by the Companies Act 2006

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

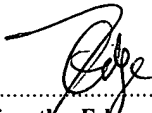
**Independent Auditor's Report to the Members of
Bibby Supply Chain Services Limited**

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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

Date: 27/3/2015

Bibby Supply Chain Services Limited
Consolidated Profit and Loss Account for the Year Ended 31 December 2014

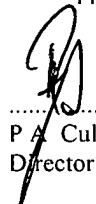
	Note	2014 £ 000	2013 £ 000
Turnover			
Continuing operations		242,335	241,414
Discontinued operations		<u>10,002</u>	<u>10,972</u>
Group turnover	2	252,337	252,386
Cost of sales	4	<u>(210,781)</u>	<u>(207,158)</u>
Gross profit		41,556	45,228
Administrative expenses	4	(44,593)	(39,996)
Other operating income	3	70	74
Operating (loss)/profit			
Continuing operations		(728)	5,860
Discontinued operations		<u>(2,239)</u>	<u>(554)</u>
Group operating (loss)/profit	5	(2,967)	5,306
Other interest receivable and similar income		42	-
Interest payable and similar charges	8	<u>(723)</u>	<u>(676)</u>
(Loss)/profit on ordinary activities before taxation		(3,648)	4,630
Tax on (loss)/profit on ordinary activities	9	<u>(110)</u>	<u>(1,720)</u>
(Loss)/profit for the financial year	21, 22	<u><u>(3,758)</u></u>	<u><u>2,910</u></u>

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 Supply Chain Services Limited
Consolidated Balance Sheet at 31 December 2014

	Note	£ 000	2014 £ 000	2013 £ 000
Fixed assets				
Intangible fixed assets	11		7,974	9,427
Tangible fixed assets	12		23,000	21,732
Current assets				
Stocks	14	1,270		1,179
Debtors	15	52,899		51,089
Cash at bank and in hand		937		1,417
		<u>55,106</u>		<u>53,685</u>
Creditors: Amounts falling due within one year	16	<u>(39,417)</u>		<u>(56,228)</u>
Net current assets/(liabilities)			<u>15,689</u>	<u>(2,543)</u>
Total assets less current liabilities			46,663	28,616
Creditors: Amounts falling due after more than one year	17		(28,138)	(5,111)
Provisions for liabilities	19		<u>(3,409)</u>	<u>(3,229)</u>
Net assets			<u>15,116</u>	<u>20,276</u>
Capital and reserves				
Called up share capital	20	4,288		4,288
Profit and loss account	21	<u>10,828</u>		<u>15,988</u>
Shareholders' funds	22		<u>15,116</u>	<u>20,276</u>

The consolidated financial statements of Bibby Supply Chain Services Limited, registered number 2005619, were approved by the Board on 27 March 2015 and signed on its behalf by:


P.A. Cullingford
Director

Bibby Supply Chain Services Limited
(Registration number: 2005619)
Company Balance Sheet at 31 December 2014

	Note	2014 £ 000	2013 £ 000
Fixed assets			
Investments	13	32,454	32,454
Creditors: Amounts falling due within one year	16	(25,268)	(25,268)
Net current liabilities		(25,268)	(25,268)
Net assets		7,186	7,186
Capital and reserves			
Called up share capital	20	4,288	4,288
Profit and loss account	21	2,898	2,898
Shareholders' funds	22	7,186	7,186

The financial statements of Bibby Supply Chain Services Limited, registered number 2005619, were approved by the Board on 23/03/15 and signed on its behalf by:



 P A Cullingford
 Director

Bibby Supply Chain Services Limited
Consolidated Cash Flow Statement for the Year Ended 31 December 2014

Cash flow statement

		2014	2013
	Note	£000	£000
Net cash from operating activities	24	(41)	8,811
Bank interest paid		(681)	(676)
		(681)	(676)
Taxation			
Group relief paid		-	(320)
Corporation tax paid		(1,039)	(380)
		(1,039)	(700)
Capital Expenditure			
Purchase of tangible fixed assets		(6,203)	(4,760)
Proceeds from sale of tangible fixed assets		751	1,351
Purchase of intangible fixed asset		(312)	-
		(5,764)	(3,409)
Acquisitions and disposals			
Deferred consideration paid		-	(2,819)
		-	(2,819)
Equity dividends paid		(1,402)	(1,500)
Net inflow/(outflow) before financing		(8,927)	(293)
Financing			
Capital element of finance leases		2,727	(603)
Loans (repaid)/drawdown		5,720	236
(Decrease) / increase in cash	25	(480)	(660)

Bibby Supply Chain Services Limited
Notes to the Financial Statements for the Year Ended 31 December 2014

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 include the financial statements of the company and its subsidiary undertakings made up to 31 December 2014. 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 £1,402,000 (2013- £5,500,000).

(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 4 of the Strategic 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 an estimate of its residual value.

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% - 25%

Residual value is based on values prevailing at the date of acquisition.

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

(e) Intangible fixed assets (including goodwill)

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.

Intellectual property assets relate to purchased computer software and is stated at cost less amortisation. The useful economic life of the asset is expected to be at least the same as the period of amortisation which is amortised to nil by equal annual instalments over 5 years.

(f) Stocks

Stocks comprise fuel and timber 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.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

(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.

(l) Pensions

Bibby Supply Chain Services 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 Supply Chain Services 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.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

(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 18.

2 Turnover

An analysis of turnover by geographical location is given below:

	2014 £ 000	2013 £ 000
Sales - UK	243,071	247,858
Sales - Europe	9,266	4,528
	<u>252,337</u>	<u>252,386</u>

3 Other operating income

	2014 £ 000	2013 £ 000
Government grants receivable	70	74
	<u>70</u>	<u>74</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

4 Cost of sales and operating expenses

On 13 January 2015, the group entered into a sale agreement to dispose of System Group limited, which carried out government and commercially funded training services to the logistics sector and other industries. The disposal was effected in order to concentrate on the group's other core activities. The disposal was completed on 13 January 2015, on which date the control of System Group Limited was passed to the acquirer.

	2014 £ 000	2013 £ 000
Cost of sales		
Continuing operations	204,539	201,814
Discontinued operations	6,242	5,344
	<u>210,781</u>	<u>207,158</u>
Administrative expenses		
Continuing operations	38,664	33,889
Discontinued operations	5,929	6,107
	<u>44,593</u>	<u>39,996</u>
Other operating income		
Discontinued operations	<u>70</u>	<u>74</u>

5 Group operating (loss)/profit

Group operating (loss)/profit is stated after charging/(crediting):

	2014 £ 000	2013 £ 000
Operating leases - plant and machinery	7,772	7,786
Operating leases - other assets	7,505	8,616
Fees payable to the Company's auditor for the audit of the Company's annual accounts	10	3
Fees payable to the Company's auditor for the audit of the company's subsidiaries annual accounts	54	57
Profit on disposal of fixed assets	(115)	(357)
Depreciation of tangible fixed assets - owned	3,087	3,303
Depreciation of tangible fixed assets - held under finance leases	1,212	1,162
Amortisation of goodwill	1,993	1,971
Amortisation of intellectual property	<u>19</u>	<u>-</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

6 Particulars of employees

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

	2014 No.	2013 No.
Warehouse	628	633
Drivers and distribution	1,023	1,005
Managerial and administrative	778	781
	<u>2,429</u>	<u>2,419</u>

The aggregate payroll costs were as follows:

	2014 £ 000	2013 £ 000
Wages and salaries	68,006	64,681
Social security costs	6,447	5,923
Staff pensions	1,091	1,029
	<u>75,544</u>	<u>71,633</u>

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2014 £ 000	2013 £ 000
Directors' remuneration (including benefits in kind)	1,142	986
Directors' pensions	70	103
Compensation for loss of office	162	-

The number of directors to whom retirement benefit was accruing under a defined benefit scheme during the year was 2 (2013 - 2). This scheme was closed on 30 September 2011. Payments made to this scheme during the year were £nil (2013 - £nil)

In respect of the highest paid director:

	2014 £ 000	2013 £ 000
Remuneration	419	349
Company contributions to pension schemes	8	30
Compensation for loss of office	162	-

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

8 Interest payable and similar charges

	2014	2013
	£ 000	£ 000
Interest on receivable financing	591	513
Term loan interest	91	111
Finance lease and hire purchase interest	21	32
Amortised issue costs on bank loans	20	20
Group interest payable and similar charges	<u>723</u>	<u>676</u>

9 Taxation

Tax on (loss)/profit on ordinary activities

	2014	2013
	£ 000	£ 000
Current tax		
Corporation tax charge	287	1,511
Adjustments in respect of previous years	-	340
Group relief receivable	<u>(358)</u>	<u>-</u>
UK Corporation tax	(71)	1,851
Foreign tax on income	<u>8</u>	<u>-</u>
Corporation tax (credit) / charge	<u>(63)</u>	<u>1,851</u>
Deferred tax		
Origination and reversal of timing differences	417	(131)
Deferred tax adjustment relating to previous years	<u>(244)</u>	<u>-</u>
Group deferred tax charge / (credit)	<u>173</u>	<u>(131)</u>
Total tax on (loss)/profit on ordinary activities	<u>110</u>	<u>1,720</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

Factors affecting current tax charge for the year

Tax on (loss)/profit on ordinary activities for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%).

The differences are reconciled below:

	2014 £ 000	2013 £ 000
(Loss)/profit on ordinary activities before taxation	<u>(3,648)</u>	<u>4,630</u>
Corporation tax at standard rate	(784)	1,076
Expenses not allowable for tax purposes	441	349
Adjustment in respect of previous year	-	340
Fixed asset timing differences	28	86
Group relief surrendered	244	-
Foreign tax paid	<u>8</u>	<u>-</u>
Total current tax	<u>(63)</u>	<u>1,851</u>

10 Dividends on equity shares

	2014 £ 000	2013 £ 000
Equity dividends paid	<u>1,402</u>	<u>1,500</u>
33 pence per £1 share (2013 - 35 pence per £1 share)		

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

11 Intangible fixed assets

Group

	Goodwill £ 000	Intellectual Property £ 000	Total £ 000
Cost			
At 1 January 2014	26,316	-	26,316
Additions	-	559	559
At 31 December 2014	26,316	559	26,875
Amortisation			
At 1 January 2014	16,889	-	16,889
Charge for the year	1,993	19	2,012
At 31 December 2014	18,882	19	18,901
Net book value			
At 31 December 2014	7,434	540	7,974
At 31 December 2013	9,427	-	9,427

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

12 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 2014	7,791	3,639	23,625	35,055
Additions	24	673	5,506	6,203
Disposals	(146)	(19)	(4,933)	(5,098)
At 31 December 2014	7,669	4,293	24,198	36,160
Depreciation				
At 1 January 2014	746	2,343	10,234	13,323
Charge for the year	423	214	3,662	4,299
Eliminated on disposals	(54)	(19)	(4,389)	(4,462)
At 31 December 2014	1,115	2,538	9,507	13,160
Net book value				
At 31 December 2014	6,554	1,755	14,691	23,000
At 31 December 2013	7,045	1,296	13,391	21,732
Net book value of leased assets included above:				
At 31 December 2014	-	-	6,829	6,829
At 31 December 2013	-	-	4,701	4,701

Net book value of freehold land which is not depreciated is £2,506,153 (2013: £2,506,153).

Included within the net book value of tangible fixed assets is £6,828,502 (2013 - £4,701,385) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £1,212,303 (2013 - £1,228,951).

The Group has a £3,481,000 Term loan (2013: £3,931,000) which is secured against freehold land and buildings.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

13. 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
Subsidiary undertakings		
Bibby Distribution Limited	100%	Contract distribution, warehousing and transport
Bibby International Logistics Limited	100%	Warehouse Rental
Direct Workforce Limited	100%	Recruitment and temporary worker agency
System Group Limited	100%	Training Services
Packaging Logistics Services Limited	100%	Returnable Packaging solutions
Company		

Shares in group undertakings and participating interests

	Subsidiary undertakings £ 000
Cost	
At 1 January 2014	32,454
At 31 December 2014	32,454
Net book value	
At 31 December 2014	32,454
At 31 December 2013	32,454

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

14 Stocks

	Group		Company	
	2014	2013	2014	2013
	£ 000	£ 000	£ 000	£ 000
Stocks	<u>1,270</u>	<u>1,179</u>	<u>-</u>	<u>-</u>

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

15 Debtors and deferred tax

	Group		Company	
	2014	2013	2014	2013
	£ 000	£ 000	£ 000	£ 000
Trade debtors	45,781	45,381	-	-
Corporation Tax	398	-	-	-
Other debtors	441	490	-	-
Deferred tax	939	1,112	-	-
Prepayments and accrued income	4,000	4,106	-	-
Amounts owed by group undertakings	<u>1,340</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>52,899</u>	<u>51,089</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 2014	1,112	-
Deferred tax charged to the profit and loss account	<u>(173)</u>	<u>-</u>
At 31 December 2014	<u>939</u>	<u>-</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

Analysis of deferred tax

Group

	2014 £ 000	2013 £ 000
Fixed asset timing differences	939	1,112

A deferred tax asset has been recognised based on the directors' estimate of the future profitability of the relevant group companies between 2015 and 2017. This indicates that the asset can reasonably be expected to be recovered over that timeframe.

16 Creditors: Amounts falling due within one year

	Group		Company	
	2014 £ 000	2013 £ 000	2014 £ 000	2013 £ 000
Bank loans and overdrafts	449	15,242	-	-
Obligations under finance lease and hire purchase contracts	1,361	1,219	-	-
Trade creditors	15,061	16,760	-	-
Amounts owed to group undertakings	240	490	25,268	25,268
Taxation and social security	2,814	3,534	-	-
Other creditors	1,636	1,232	-	-
Accruals and deferred income	17,786	16,978	-	-
Government Grants	70	69	-	-
Corporation tax	-	704	-	-
	<u>39,417</u>	<u>56,228</u>	<u>25,268</u>	<u>25,268</u>

17 Creditors: Amounts falling due after more than one year

	Group		Company	
	2014 £ 000	2013 £ 000	2014 £ 000	2013 £ 000
Bank loans and overdraft	23,995	3,483	-	-
Obligations under finance lease and hire purchase contracts	3,910	1,324	-	-
Government grants	233	304	-	-
	<u>28,138</u>	<u>5,111</u>	<u>-</u>	<u>-</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

18 Maturity of borrowings

a) The bank loans can be analysed as follows:

	2014	2013
	£ 000	£ 000
Term Loan	3,481	3,931
Receivable finance agreement	21,001	14,831
Less: issue costs	(38)	(38)
	<u>24,444</u>	<u>18,724</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 2014 had a fair value of £148,941 liability (2013: £92,642 liability). The fair value was calculated based on mid-market values at 31 December 2014.

Maturities of obligations	Bank loans	Obligations under finance lease and HP contracts	Total
	£ 000	£ 000	£ 000
As at 31 December 2014			
In one year or less on demand	449	1,361	1,810
Between one and two years	449	3,770	4,219
Between two and five years	23,546	140	23,686
	<u>24,444</u>	<u>5,271</u>	<u>29,715</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

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Maturities of obligations	Bank loans £ 000	Obligations under finance lease and HP contracts £ 000	Total £ 000
As at 31 December 2013			
In one year or less on demand	15,242	1,219	16,461
Between one and two years	450	1,058	1,508
Between two and five years	3,033	266	3,299
	<u>18,725</u>	<u>2,543</u>	<u>21,268</u>

19 Provisions for liabilities

Group

	Vacant property provision £ 000	Deferred consideration £ 000	Total £ 000
At 1 January 2014	<u>3,229</u>	<u>-</u>	<u>3,229</u>
Charged to the profit and loss account	493	-	493
Utilised during the year	(560)	-	(560)
Acquisition of intangible asset	<u>-</u>	<u>247</u>	<u>247</u>
	<u>(67)</u>	<u>247</u>	<u>180</u>
At 31 December 2014	<u>3,162</u>	<u>247</u>	<u>3,409</u>

It is estimated that the property provisions will be substantially utilised in the period 2015-2019. The deferred consideration is payable in relation to the intellectual property assets disclosed as intangible assets within the accounts. The deferred consideration is expected to be fully paid by 2017.

20 Share capital

Allotted, called up and fully paid shares

	2014		2013	
	No. 000	£ 000	No. 000	£ 000
Authorised Shares of £1 each	<u>4,288</u>	<u>4,288</u>	<u>4,288</u>	<u>4,288</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

21 Reserves

Group

	Profit and loss account £ 000
At 1 January 2014	15,988
Loss for the year	(3,758)
Dividends paid	(1,402)
At 31 December 2014	<u>10,828</u>

Company

	Profit and loss account £ 000
At 1 January 2014	2,898
Profit for the financial year	1,402
Dividends paid	(1,402)
At 31 December 2014	<u>2,898</u>

22 Reconciliation of movement in shareholders' funds

Group

	2014 £ 000	2013 £ 000
(Loss)/profit for the financial year	(3,758)	2,910
Dividends paid	(1,402)	(1,500)
Net (reduction)/addition to shareholders' funds	(5,160)	1,410
Shareholders' funds at 1 January	20,276	18,866
Shareholders' funds at 31 December	<u>15,116</u>	<u>20,276</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

Company

	2014 £ 000	2013 £ 000
Profit for the financial year	1,402	5,500
Dividends paid	(1,402)	(1,500)
Net addition to shareholders' funds	-	4,000
Shareholders' funds at 1 January	7,186	3,186
Shareholders' funds at 31 December	7,186	7,186

23 Capital commitments

Expenditure contracted for but not provided in the financial statements:

	2014 £ 000	2013 £ 000
Capital commitments	969	1,482

24 Operating lease commitments

Group

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

	2014 £ 000	2013 £ 000
Land and buildings		
Within one year	994	957
Within two and five years	2,802	2,606
Over five years	3,465	2,957
Plant and Machinery and Motor Vehicles		
Within one year	664	1,843
Within two and five years	4,807	4,558
Over five years	473	707

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

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

	2014	2013
£000	£000	£000
Operating (loss)/profit	(2,967)	5,306
Depreciation	4,299	4,465
Profit on sale of fixed assets	(115)	(356)
Amortisation of intangible assets	2,012	1,971
Government grant amortisation	(70)	(74)
Movement in vacant property provision	(67)	(1,396)
Working Capital Movements:		
Increase in stocks	(91)	(88)
(Increase) in debtors	(1,389)	(6,937)
(Decrease)/increase in creditors	(1,653)	5,920
	<u>(3,129)</u>	<u>(1,105)</u>
Net cash (outflow)/inflow from operating activities	<u>(41)</u>	<u>8,881</u>

26 Reconciliation of net cash flow to movement in net debt

	2014	2013
£ 000	£ 000	£ 000
Movement in cash in the year	(480)	(660)
Movement in lease financing and debt	<u>(8,447)</u>	<u>367</u>
Movement in net debt in year	(8,927)	(293)
Net debt at 1 January	<u>(19,851)</u>	<u>(19,558)</u>
Net debt at 31 December	<u>(28,778)</u>	<u>(19,851)</u>

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

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27 Analysis of net debt

	1 January 2014	Cash flows	31 December 2014
	£ 000	£ 000	£ 000
Cash at bank and in hand	1,417	(480)	937
	<u>1,417</u>	<u>(480)</u>	<u>937</u>
Bank loans	(18,724)	(5,720)	(24,444)
Finance leases	(2,544)	(2,727)	(5,271)
Total	<u>(19,851)</u>	<u>(8,927)</u>	<u>(28,778)</u>

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 £nil (2013 - £nil)

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 £1,048,433 (2013 - £1,041,099).

The Group has also made contributions of £42,711 (2013 - £17,896) to private money purchase pension schemes.

There were no outstanding payments in relation to pension contributions at the year end (2013: £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 £14,982,000 (2013 - £12,880,000) is noted. Further information on the Scheme can be found in the financial statements of the ultimate parent company.

The notes on pages 14 to 33 form an integral part of these financial statements.

Bibby Supply Chain Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2014

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29 Post balance sheet events

On the 13th January 2015 the Group sold System Group Limited. The results of this operation have been disclosed as discontinued operations in the financial statements.

30 Ultimate controlling party

The Group is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate parent undertaking, a company incorporated in the United Kingdom.

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

The ultimate controlling party is disclosed in the accounts of Bibby Line Group Limited. Copies of the financial statements may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool, L1 5JQ (www.bibbylinegroup.co.uk).