

No: Bibby Factors Slough Ltd  
02617760.

Registration number: 09351311

# Bibby Invoice Finance UK Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2022



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## **Bibby Invoice Finance UK Limited**

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## **Bibby Invoice Finance UK Limited**

### **Company Information**

|                          |                                                                                                  |
|--------------------------|--------------------------------------------------------------------------------------------------|
| <b>Directors</b>         | Theovinder Chatha<br>Ian Ramsden<br>Ian Downing<br>Derek Ryan                                    |
| <b>Company secretary</b> | Bibby Bros. & Co. (Management) Limited                                                           |
| <b>Registered office</b> | 3rd Floor<br>Walker House<br>Exchange Flags<br>Liverpool<br>L2 3YL<br>United Kingdom             |
| <b>Auditor</b>           | Mazars LLP<br>Chartered Accountants and Statutory Auditor<br>30 Old Bailey<br>London<br>EC4M 7AU |

## **Bibby Invoice Finance UK Limited**

### **Strategic Report**

The Directors present their Strategic Report for the year ended 31 December 2022.

#### **About Bibby Financial Services**

Bibby Financial Services ('BFS') is a leading, international provider of working capital, cashflow and foreign exchange solutions for small and medium sized enterprises (SMEs).

A values-driven business committed to supporting our clients and our colleagues, we have 8,500 business clients around the world and employ around 1,000 people in 27 offices across Europe and Asia.

BFS is a subsidiary and member of the Bibby Line Group ('BLG'). BLG was founded in Liverpool in 1807, and is one of the UK's oldest family owned businesses, with more than 210 years' experience of providing personal, responsive and flexible customer solutions.

#### **Bibby Invoice Finance UK Limited**

Bibby Invoice Finance UK Limited (BIF) and its subsidiaries (BIF Group) acts as a controlling and financing company for the factoring and invoice discounting activities of Bibby Financial Services (BFS), in the United Kingdom.

#### **Invoice Finance**

BFS's Invoice Finance division principally supports SMEs through the provision of Factoring and Invoice Discounting solutions, sold through direct and intermediary channels. In addition to core invoice financing products, it provides specialist financing for SMEs in the construction and recruitment sectors, and those trading internationally through dedicated Trade and Export Finance teams.

## **Bibby Invoice Finance UK Limited**

### **Strategic Report**

#### **Strategic review**

The BIF Group continued to make significant progress in 2022 navigating a backdrop of macroeconomic uncertainty and rising pressures on SME customers in the UK. While challenging conditions remained throughout the year, debts factored volumes increased as a result of steady pick up in client cash demand and continued cost management and well managed bad debt resulted in a profit before tax for the BIF Group of £33.0m (2021: £30.0m).

The BIF Group increased its already solid funding base in 2022 through the extension and increase of our UK funding facility to October 2025, ensuring we are optimally positioned to address our customers' financing needs while continuing to grow sustainably.

#### **Our strategy - BFS 4.0**

We launched our global strategy, BFS 4.0, in 2021 in response to changes in the markets in which we operate, a shifting global economic environment and growing customer expectations. It aims to enhance the way we support customers and partners by leveraging digital capability alongside the personal service we are known for to become a trusted financial services partner to SMEs.

At its core, it is our journey to become a leading international provider of future-focused financial solutions for SMEs with a digital, multi-channel delivery and operational platform.

Our strategy is being delivered consistently across all of the territories in which we operate and is now firmly embedded, helping us to drive towards our three core aims:

1. Optimise and maximise opportunities in existing markets
2. Expand and strengthen partnerships and build new ecosystems to add value for SMEs
3. Innovate for the future

BFS 4.0 is already having a hugely positive impact on our business, enabling our dedicated teams to deliver the expert service customers require through personal relationships, supported by technology.

Combined with our increased funding capacity and underpinned by our risk management strategy, BFS 4.0 provides significant opportunity for us to support SMEs following the closure and repayment of government-backed financing schemes launched during the pandemic. To this end, we expect to see SME demand for financing further increase as inflationary pressures, geopolitical factors and the pandemic's residual impacts continue to affect local and national economies over the year ahead.

Our Board, Executive Leadership team and BFS colleagues around the world remain focused on our strategic objectives, and we look forward to another positive year ahead in 2023.

#### **Our Compass - A family business known for creating a better future together**

Since 2021, our strategic implementation has been underpinned by Project Compass. This is a Bibby Line Group-wide initiative and commitment to be a sustainable and resilient business, supporting us to better deliver for all stakeholders by focusing efforts on four areas: People, Customer, Community and Environment.

#### **Outlook**

Challenges remain for SMEs in 2023 and we expect business confidence to remain flat in 2023.

Notwithstanding an uncertain economic landscape, our strategy and transformation is having a positive impact on our performance. We continue to closely monitor conditions across the UK, and to seek ways to better understand the needs, risks and challenges of our customers.

## **Bibby Invoice Finance UK Limited**

### **Strategic Report**

Despite persisting economic risk, the growing diversity of our portfolio - combined with our increased funding capacity and the dedication and expertise of our teams - gives us confidence we will continue to deliver value for our customers, colleagues, shareholder and partners in 2023 and beyond.

#### **Financial performance**

The BIF Group's key financial and other performance indicators for invoice finance and invoice discounting activities reported in the consolidated financial statements for Bibby Invoice Finance Limited during the year were as follows:

|                          | Unit | 2022   | 2021   |
|--------------------------|------|--------|--------|
| Debts factored           | £m   | 7,329  | 6,804  |
| Year end client advances | £m   | 475    | 446    |
| Turnover                 | £000 | 93,021 | 80,175 |
| Operating profit         | £000 | 57,656 | 45,706 |
| Profit before tax        | £000 | 33,012 | 30,002 |

BIF Group built on the profits achieved in 2021 with an improved profit before tax in 2022 of £33.0m (2021: £30.0m).

Customer demand for finance increased steadily throughout 2022 particularly in the second half of the year, with SMEs contending with sharply higher inflationary pressures and supply chain disruption throughout the year.

As a result, debts factored increased by 7.7% to £7.3bn (2021: £6.8bn), with year end funds advanced increasing to £475m (2021: £446m). With the increased interest rate environment during 2022 and the volume growth in debts factored, momentum built through the year, and turnover improved 16.0% to £93.0m (2021: £80.2m).

Cost of sales increased by 2.6% to £35.4m (2021: £34.5m) due to a rigorous focus on cost management, despite inflationary pressure in our own costs base. Credit impairments as a proportion of funds advances remained broadly consistent with 2021 levels. Our credit performance was strong, reflecting the diverse nature of our funds advanced, alongside the strong risk management capabilities, resulting in a bad debt charge for the year limited to £3.2m (2021: £3.0m).

Interest payable and similar charges increased £8.9m to £24.6m (2021: £15.7m) reflecting higher cost of funds off the back of interest rate rises in the UK.

Overall, BIF Group made a profit before tax of £33.0m (2021: £30.0m).

Corporate taxation charges have been eliminated by claims to United Kingdom group loss relief from fellow subsidiaries of the ultimate parent undertaking Bibby Line Group Limited, a diverse business-to-business service conglomerate. The business continues to manage its tax policies to maximise its use of such losses whilst they remain available.

## **Bibby Invoice Finance UK Limited**

### **Strategic Report**

#### **Risk management**

##### ***Our approach***

BIF takes a prudent, robust and transparent approach to risk management and internal processes remain central to how we manage our business. Underpinned by our values, purpose and culture, responsible practices are central to how our global businesses operate.

We take a long-term view of risk, and our strategy remains focused on risk mitigation, rather than elimination. Overseen by our Global Risk Team on behalf of the Board, our risk governance strategy is based on our 'three lines of defence model':

- Ownership of risk at a business level
- Central management support and board oversight
- Independent review

This robust risk management framework protects our profitability and ensures we operate responsibly, aligned to our values, and this model ensures key risks facing individual businesses or the Group are escalated in a timely manner.

The third line of defence, that of independent review, includes our internal audit and the BFS Audit Committee. This group independently reviews and regularly challenges BFS's risk management controls, processes and systems.

Along with meeting regulatory requirements, BIF operates in an evolving, self-regulated market and continues to proactively strengthen standards to ensure that robust quality assurance and risk management processes are embedded at all levels of the organisation. Delivering excellent client service is central to these processes as BIF develops and grows. BIF therefore endeavours to manage operations responsibly and conduct business in an ethical and transparent way.

## **Bibby Invoice Finance UK Limited**

### **Strategic Report**

#### **Principal risks and uncertainties**

Growth in the SME financing sector is largely influenced by two key factors: macroeconomics and business confidence. Current challenges facing BIF's client base include higher levels of inflation and interest rates, the speed of recovery from Covid-19, alongside geopolitical factors including the Ukraine/Russia conflict and resulting supply chain disruption, and understanding the longer term implications of Brexit.

We constantly monitor existing and emerging risks and ensure appropriate mitigants are in place. The paragraphs below set out the principal risks that may impact BIF's ability to deliver its strategy over the coming year. This should not be regarded as a complete list of risks the business may face.

#### **Business risk:**

The risk of lower than anticipated financial performance, from external factors including a deteriorating macroeconomic environment, or internally-led factors such as implementation of our strategy. Despite the challenging external environment, BIF has a proven and resilient business model that is counter cyclical, a clear strategic plan that is being executed, and strong support from shareholders and funders. BIF continually re-forecasts its performance outlook, taking into account risks & opportunities and prevailing market conditions, that are reviewed regularly by the Executive Leadership Team.

#### **Credit risk:**

The risk of financial loss in relation to an advance made by a BIF business unit, particularly during times of economic stress. BIF closely sets and monitors credit exposures in line with credit policy and Board risk appetite, with escalating governance and approvals for larger advances, and credit insurance in place where appropriate. BIF has a well-diversified portfolio of clients and debtors, and concentration of exposure remains low, with oversight from an experienced central Risk function.

#### **Market risk:**

The risk of financial loss through unhedged or mismatched asset and liability positions that are sensitive to changes in interest rates or currencies. BIF advances funds to clients on a largely matched basis, aligned in currency and underlying base reference rate terms. Monitored through the BFS Asset & Liability Committee (ALCO).

#### **Liquidity, funding and capital risk:**

The risk that BIF is unable to meet its financial obligations as they fall due or is only able to do so at excessive cost, is unable to raise funds at an acceptable price or timely manner, or has insufficient capital to operate effectively and support strategic goals. The BIF group extended its largest UK funding facility during the last year, and liquidity oversight and governance is provided from a long-established ALCO and highly experienced Treasury function. A good capital position has been further strengthened by the solid return to profitability of the underlying subsidiary investments, whilst funding capacity has been increased during 2022, and covenant headroom remains appropriate, enabling support of both our clients and the liquidity requirements of BIF.

#### **Operational risk:**

The risk of loss resulting from inadequate internal processes, people and systems, including the constantly evolving threat of cyber-attack. Mitigated by well-established group policies and processes, compliance training attracting & retaining high quality staff, business continuity planning, and investing in technology all assist the operational resilience of BIF. In terms of Cyber, resilience has been further enhanced during the year through investment in both technology and the capability of experienced, specialist staff.

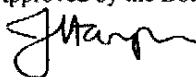
## **Bibby Invoice Finance UK Limited**

### **Strategic Report**

#### **Section 172(1) statement**

From the perspective of the BIF Board, as a result of the BFS Group governance structure whereby some of the BIF Board is embedded within the BFS board, the matters that it is responsible for considering under Section 172(1) of the Companies Act 2006 have been considered to an appropriate extent by the BFS Board in relation to both BFS and to BIF. The BIF Board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of BIF, an explanation of how the BFS Board has considered the matters set out in s172 (for BFS and for BIF) is set out on page 12 of BFS's Annual report, which does not form part of this report.

Approved by the Board on 7 June 2023 and signed on its behalf by:



.....  
Jeanette Hampson

**Bibby Bros. & Co. (Management) Limited**  
Company secretary

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

## **Bibby Invoice Finance UK Limited**

### **Directors' Report for the Year Ended 31 December 2022**

The Directors present their report for the year ended 31 December 2022.

#### **Directors of Bibby Invoice Finance UK Limited**

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

Theovinder Chatha

Ian Ramsden

Ian Downing

Derek Ryan

#### **Directors' liabilities**

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

#### **Dividends**

No dividend payment was made during the year.

#### **Going concern**

The Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. In reaching this assessment, the Directors considered the financial statements, the Group's budget, operating plan and updated forecast scenario's. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies in Note 2 of the Financial Statements.

#### **Matters included in Strategic Report**

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

The Strategic report, specifically the s172 statement, includes information the following:

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

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

#### **Employment of disabled persons**

It is the policy of the BFS Group to ensure that all sections of the community have an equal opportunity in matters related to employment including giving full and fair consideration to applications for employment made by disabled persons.

## **Bibby Invoice Finance UK Limited**

### **Directors' Report for the Year Ended 31 December 2022 (continued)**

#### **Stakeholders**

We proactively seek to build and maintain strong relationships with our stakeholders. Our main stakeholders comprise our people, clients, partners, funders and the communities in which we operate. Understanding their views is a key part of managing our business and we actively engage with them on a regular basis to listen to their views and concerns and also gather feedback on our activities. Our clients are at the heart of everything we do. Within the BIF Group we are focused on creating a working environment that encourages our people to be engaged and motivated. In parallel, dialogue and regular engagement with our partners and funders helps us to meet their evolving needs and we work hard to deliver value through the support we provide to charities and the communities we operate in.

#### **Corporate responsibility**

Our approach to corporate responsibility has been integral to how we operate for forty years, enabling us to operate and grow in a responsible and ethical manner, and contribute positively to the communities around us. Although not a requirement to report on Corporate Governance, BIF is committed to good corporate governance with the Directors having regard to the Wates Corporate Governance Principles.

In 2022, as covered in the Strategic Report, Project Compass has further accelerated our progress with Corporate Social Responsibility (CSR). The four points of Compass are People, Environment, Community and Customer, the first three of which now form our CSR and Environmental, Social and Governance (ESG) strategies.

#### **Important non adjusting events after the financial period**

On 22 March 2023, shareholders agreed, by special resolution, that the issued share capital of the company be reduced from £67,750,001 to £5,000,000 by cancelling and extinguishing 62,750,001 of the issued ordinary shares of £1.00 in the Company, each of which is fully paid up and the amount by which the share capital is so reduced be credited to the profit and loss reserve.

The Directors have considered the potential impact of the collapse of Silicon Valley Bank, Signature Bank, First Republic Bank and Credit Suisse including the mitigating measures and uncertainties on the Group and Company and have concluded that these are non-adjusting post balance sheet events as the Group and Company does not have any exposure (either direct cash exposure or direct/indirect through investments) with any bank in a distressed situation. The Directors have taken account of these events in the going concern assessment.

#### **Employee involvement**

Colleague engagement is a key priority and in 2022 we maintained our focus on providing a great place to work for our people. We have a highly motivated, engaged and dedicated team, committed to delivering excellent service to our customers.

We launched our colleague engagement platform in 2022 to provide a more effective way to understand what matters most to our people. This regular opinion survey is proving invaluable, enabling us to listen to and act on feedback, and to proactively identify areas we need to address.

Our key priorities for our people include fair reward and recognition; a safe, flexible, diverse and inclusive environment to promote mental and physical wellbeing; a speak-out culture where feedback is listened and actioned; and a business where colleagues can develop personally and professionally.

To act on these priorities, we communicate regularly with colleagues through line managers and live and virtual events hosted by our Leadership Teams. Our Colleague Forum includes representation of colleagues from different markets and business units which allows us to listen to feedback on what and how we communicate so that we can be better

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**Bibby Invoice Finance UK Limited**

**Directors' Report for the Year Ended 31 December 2022 (continued)**

**Disclosure of information to the auditor**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 7 June 2023 and signed on its behalf by:



..... Jeanette Hampson .....

**Bibby Bros. & Co. (Management) Limited**  
Company secretary

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

## **Bibby Invoice Finance UK Limited**

### **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), including FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Bibby Invoice Finance UK Limited**

### **Independent Auditor's Report to the members of Bibby Invoice Finance UK Limited**

#### **Opinion**

We have audited the financial statements of Bibby Invoice Finance UK Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

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

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 2022 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Bibby Invoice Finance UK Limited**

### **Independent Auditor's Report to the members of Bibby Invoice Finance UK Limited (continued)**

#### **Other information**

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters in relation to which 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

## **Bibby Invoice Finance UK Limited**

### **Independent Auditor's Report to the members of Bibby Invoice Finance UK Limited (continued)**

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition, impairment of financial assets and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

## **Bibby Invoice Finance UK Limited**

### **Independent Auditor's Report to the members of Bibby Invoice Finance UK Limited (continued)**

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
David Allen (Senior Statutory Auditor)  
For and on behalf of Mazars LLP,  
Chartered Accountants and Statutory Auditor  
30 Old Bailey  
London  
EC4M 7AU

7 June 2023

# **Bibby Invoice Finance UK Limited**

## **Consolidated Profit and Loss Account for the Year Ended 31 December 2022**

|                                      | Note | 2022<br>£ 000   | 2021<br>£ 000   |
|--------------------------------------|------|-----------------|-----------------|
| Turnover                             | 3    | 93,021          | 80,175          |
| Cost of sales                        |      | <u>(35,365)</u> | <u>(34,469)</u> |
| Operating profit                     | 4    | 57,656          | 45,706          |
| Interest payable and similar charges | 7    | <u>(24,644)</u> | <u>(15,704)</u> |
| Profit before tax                    |      | 33,013          | 30,002          |
| Taxation                             | 8    | <u>-</u>        | <u>-</u>        |
| Profit for the financial year        |      | <u>33,013</u>   | <u>30,002</u>   |
| <b>Profit attributable to:</b>       |      |                 |                 |
| Owners of the company                |      | <u>33,013</u>   | <u>30,002</u>   |

The above results were derived from continuing operations.

**Bibby Invoice Finance UK Limited**

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December  
2022**

|                                                    | <b>2022</b><br><b>£ 000</b> | <b>2021</b><br><b>£ 000</b> |
|----------------------------------------------------|-----------------------------|-----------------------------|
| Profit for the year                                | <u>33,013</u>               | <u>30,002</u>               |
| Total comprehensive income for the year            | <u>33,013</u>               | <u>30,002</u>               |
| <b>Total comprehensive income attributable to:</b> |                             |                             |
| Owners of the company                              | <u><u>33,013</u></u>        | <u><u>30,002</u></u>        |

# **Bibby Invoice Finance UK Limited**

## **Consolidated Balance Sheet as at 31 December 2022**

|                                                                | Note | 2022<br>£ 000    | 2021<br>£ 000    |
|----------------------------------------------------------------|------|------------------|------------------|
| <b>Current assets</b>                                          |      |                  |                  |
| Debtors                                                        | 10   | 709,771          | 678,966          |
| Cash at bank and in hand                                       |      | <u>4,921</u>     | <u>4,919</u>     |
|                                                                |      | 714,692          | 683,885          |
| <b>Creditors: Amounts falling due within one year</b>          | 11   | <u>(140,421)</u> | <u>(153,253)</u> |
| <b>Total assets less current liabilities</b>                   |      | 574,271          | 530,632          |
| <b>Creditors: Amounts falling due after more than one year</b> | 11   | <u>(443,502)</u> | <u>(432,875)</u> |
| <b>Net assets</b>                                              |      | <u>130,769</u>   | <u>97,757</u>    |
| <b>Capital and reserves</b>                                    |      |                  |                  |
| Called up share capital                                        | 13   | 67,750           | 67,750           |
| Other reserves                                                 | 14   | (56,717)         | (56,717)         |
| Profit and loss account                                        |      | <u>119,736</u>   | <u>86,724</u>    |
| <b>Shareholders' funds</b>                                     |      | <u>130,769</u>   | <u>97,757</u>    |

Approved and authorised by the Board on 7 June 2023 and signed on its behalf by:



.....  
Ian Downing  
Director

# **Bibby Invoice Finance UK Limited**

## **Company Balance Sheet as at 31 December 2022**

|                                                                | <b>Note</b> | <b>2022<br/>£ 000</b> | <b>2021<br/>£ 000</b> |
|----------------------------------------------------------------|-------------|-----------------------|-----------------------|
| <b>Fixed assets</b>                                            |             |                       |                       |
| Investments                                                    | 9           | 58,056                | 59,906                |
| <b>Current assets</b>                                          |             |                       |                       |
| Debtors                                                        | 10          | 448,818               | 438,434               |
| Cash at bank and in hand                                       |             | <u>2,494</u>          | <u>3,703</u>          |
|                                                                |             | 451,312               | 442,137               |
| <b>Creditors: Amounts falling due within one year</b>          | 11          | <u>(1,085)</u>        | <u>(4,535)</u>        |
| <b>Net current assets</b>                                      |             | <u>450,227</u>        | <u>437,602</u>        |
| <b>Total assets less current liabilities</b>                   |             | 508,283               | 497,509               |
| <b>Creditors: Amounts falling due after more than one year</b> | 11          | <u>(443,502)</u>      | <u>(432,875)</u>      |
| <b>Net assets</b>                                              |             | <u>64,781</u>         | <u>64,634</u>         |
| <b>Capital and reserves</b>                                    |             |                       |                       |
| Called up share capital                                        | 13          | 67,750                | 67,750                |
| Profit and loss account                                        |             | <u>(2,969)</u>        | <u>(3,116)</u>        |
| <b>Shareholders' funds</b>                                     |             | <u>64,781</u>         | <u>64,634</u>         |

The Company profit for the year as reported in the Company Statement of Changes in Equity is £147,000 (2021: £330,000).

Approved and authorised by the Board on 7 June 2023 and signed on its behalf by:



.....  
Ian Downing  
Director

# **Bibby Invoice Finance UK Limited**

## **Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022**

|                     | <b>Share capital<br/>£ 000</b> | <b>Other reserves<br/>£ 000</b> | <b>Profit and loss<br/>account<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
|---------------------|--------------------------------|---------------------------------|----------------------------------------------|------------------------|
| At 1 January 2022   | 67,750                         | (56,717)                        | 86,724                                       | 97,757                 |
| Profit for the year | -                              | -                               | 33,013                                       | 33,013                 |
| At 31 December 2022 | <u>67,750</u>                  | <u>(56,717)</u>                 | <u>119,736</u>                               | <u>130,769</u>         |
|                     | <b>Share capital<br/>£ 000</b> | <b>Other reserves<br/>£ 000</b> | <b>Profit and loss<br/>account<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
| At 1 January 2021   | 67,750                         | (56,717)                        | 56,723                                       | 67,756                 |
| Profit for the year | -                              | -                               | 30,002                                       | 30,002                 |
| At 31 December 2021 | <u>67,750</u>                  | <u>(56,717)</u>                 | <u>86,724</u>                                | <u>97,757</u>          |

The notes on pages 22 to 35 form an integral part of these financial statements.

# **Bibby Invoice Finance UK Limited**

## **Company Statement of Changes in Equity for the Year Ended 31 December 2022**

|                     | <b>Called up share<br/>capital<br/>£ 000</b> | <b>Profit and loss<br/>account<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
|---------------------|----------------------------------------------|----------------------------------------------|------------------------|
| At 1 January 2022   | 67,750                                       | (3,116)                                      | 64,634                 |
| Profit for the year | -                                            | 147                                          | 147                    |
| At 31 December 2022 | <u>67,750</u>                                | <u>(2,969)</u>                               | <u>64,781</u>          |
|                     | <b>Share capital<br/>£ 000</b>               | <b>Profit and loss<br/>account<br/>£ 000</b> | <b>Total<br/>£ 000</b> |
| At 1 January 2021   | 67,750                                       | (3,446)                                      | 64,304                 |
| Profit for the year | -                                            | 330                                          | 330                    |
| At 31 December 2021 | <u>67,750</u>                                | <u>(3,116)</u>                               | <u>64,634</u>          |

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022**

#### **1 General information**

Bibby Invoice Finance UK Limited is a private company limited by shares and incorporated in England, registration number 09351311. The address of its registered office and principal place of business is 3rd Floor Floor, Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom.

The Company is a wholly-owned subsidiary of Bibby Financial Services (UK) Limited. Bibby Financial Services Limited is the parent company of the smallest group which consolidates the financial information of the Company. The ultimate parent undertaking is Bibby Line Group Limited and is the largest group which consolidates the financial information of the Company. All parent companies are incorporated in England.

The ultimate controlling party is disclosed in the financial statements of Bibby Line Group Limited. Copies of the financial statements of all subsidiaries of Bibby Line Group Limited can be obtained from its registered office at 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

##### **Statement of compliance**

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and applicable legislation as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008. The Company presents both individual financial statements (subject to relevant exemptions) and consolidated financial statements for its Group.

##### **Basis of preparation**

The financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies.

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Basis of consolidation**

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings together with the group's share of the results of associates made up to 31 December.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the group holds a long-term interest and where the group has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the group's interest in the entity.

##### **Exemptions for qualifying entities FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The company has taken advantage of the following exemptions in its individual financial statements:

- No profit and loss account is presented for the Company as permitted by Section 408 of the Companies Act 2006. Its profit for the financial year is reported in the Statements of Changes in Equity.
- From preparing a statement of cash flows on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows.

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Going concern**

The financial statements are prepared on a going concern basis. In reaching their view on the preparation of the financial statements on a going concern basis, the Directors are required to consider whether the Group and Company can continue in operational existence for a period of at least 12 months from the date of this report. The continuing uncertain economic conditions as well as the ongoing Russia/Ukraine war present increased risks for all businesses. The Directors have considered the potential impact of the collapse of Silicon Valley Bank, Signature Bank, First Republic Bank and Credit Suisse including the mitigating measures and uncertainties on the company and have concluded that these are non-adjusting post balance sheet events as the Group does not have any exposure (either direct cash exposure or direct / indirect through investments) with any of the aforementioned banks. The Directors have taken account of these events in the going concern assessment.

In response to such conditions the Directors have carefully considered these risks, including an assessment of any uncertainty on the viability of the Group and Company's business model and the extent to which they may affect the preparation of the financial statements on a going concern basis. Based on this assessment, the Directors consider that the Group and Company maintain an appropriate level of capital and liquidity, sufficient to meet the demands of the business and the requirements which might arise in stressed circumstances. To support the inter-group liability position confirmation has been obtained from the counterparty that they will not seek repayment within 12 months of approval of the financial statements. In addition, the Group and Company's assets are assessed for recoverability on a regular basis and provision is made where appropriate. The Directors consider that the Group and Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

##### **Revenue recognition**

Revenue arises from continuing activities and represents discount, service and other charges to clients, net of value added tax.

Service and other income is measured at the fair value of consideration received or receivable and is recognised when services are delivered, and when it is probable that future economic benefits will flow to the entity.

Discount income on financial assets that are classified as loans and receivables within trade debtors is determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income over the expected life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instruments initial carrying amount.

##### **Foreign currency transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rate prevailing at the date the transaction took place. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the closing rate at the reporting date and any exchange difference is included in the profit or loss.

##### **Operating leases**

At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement. Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Tax**

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.

##### **Investments**

Investments held as fixed assets are held on the balance sheet of the Company at cost, less any impairment provision.

##### **Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Depreciation is provided to allocate the cost of the assets less their estimated residual values, over their expected useful economic life using a straight line basis as follows:

| <b>Asset class</b> | <b>Depreciation method and rate</b> |
|--------------------|-------------------------------------|
| Office equipment   | 3 - 7 years                         |

##### **Financial instruments**

The Company has applied the provisions of FRS 102 Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full.

##### **Classification**

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds basic financial instruments which comprise cash and cash equivalents, trade and other debtors, trade and other creditors.

Financial asset and liability debt instruments are classified as basic financial instruments where they meet all of the following conditions:

(A) Returns to the holder are (i) a fixed amount, or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive;

(B) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods;

(C) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect: (i) the holder against the credit deterioration of the issuer, or a change in control of the issuer; or (ii) the holder or issuer against changes in relevant taxation or law; and

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

(D) There are no conditional returns or repayment provisions except for the variable rate return described in (A) and prepayment provisions described in (C).

#### ***Recognition and measurement***

Financial assets, classified as basic financial instruments are cash and cash equivalents and trade and other debtors. Financial liabilities, classified as basic financial instruments are trade and other creditors, including loans and borrowings. All specific recognition and measurement policies of each component are presented in the individual policies below.

Equity instruments are classified in accordance with the substance of the contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

#### ***Impairment***

The Group assesses whether there is objective evidence that any trade or other debtor may be impaired. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the debtor. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

#### ***Trade receivables***

Trade debtors represent debts assigned under factoring agreements, net of impairment provisions and deferred assignment consideration owed to factoring clients where there is a full right of recourse.

When debts are assigned, the Group obtains full ownership rights of the invoice, the economic rewards and risk. Trade debtors are recognised initially at the transaction price less deferred assignment consideration owed to full-recourse clients. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### ***Cash and cash equivalents***

The Group is party to a composite accounting structure agreement with one of their bankers. This agreement treats all the sterling bank accounts included in the agreement as one account. As a result positive and negative cash balances included in the agreement are shown net in the consolidated balance sheet.

#### ***Trade payables***

Trade creditors are deferred assignment consideration owed to factoring clients where there is not a full right of recourse, and obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost.

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **2 Accounting policies (continued)**

##### **Borrowings**

The Group securitises its debts by selling debts assigned to an issuing party, who using the invoices as security borrows funds from third party investors, by issuing variable funding notes to those investors.

Under securitisation, in economic substance the trade debtors accounting policy is unchanged. Although debts are assigned to the issuing party to enable funding, the Group retains the economic reward and risk of the debtor. With debtors remaining recognised, securitisation funding is reported as a loan.

Associated interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

##### **Retirement benefits**

The BIF Group is a member of the Bibby Line Group Limited Defined Benefit Pension Scheme, the principle employer of the scheme. The scheme was closed to new entrants from 1 April 2000 and closed to future accruals for existing members from 30 September 2011. Bibby Line Group is legally responsible for the plan.

The Group pays contributions to other defined contribution pension insurance plans on a contractual basis.

##### **Critical accounting policies where judgement and estimation may be applied**

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

The critical influence that the Directors have shown in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in financial statements is within the impairment of financial assets.

##### **Assessment of the impairment of financial assets:**

In considering indications of impairment the Directors consider a number of qualitative and quantitative factors including but not limited to: client advance ratios; client recourse arrangements; receivables lending verification coverage; ordinary client commercial variation risk impacting on receivables measurement; valuation of client security; general debtor days, and other market led intelligence. All factors influence the Directors judgement on the credit quality of client financial and impairment provisions carried in the financial statements.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. The accounting periods of subsidiaries are coterminous with those of the Company.

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **3 Revenue**

The analysis of the group's turnover for the year by market is as follows:

|                | <b>2022</b><br><b>£ 000</b> | <b>2021</b><br><b>£ 000</b> |
|----------------|-----------------------------|-----------------------------|
| United Kingdom | <u>93,021</u>               | <u>80,176</u>               |

#### **4 Operating profit**

Arrived at after charging

|                                                           | <b>2022</b><br><b>£ 000</b> | <b>2021</b><br><b>£ 000</b> |
|-----------------------------------------------------------|-----------------------------|-----------------------------|
| Impairment of financial assets that are trade receivables | 3,198                       | 3,002                       |
| Operating lease expense                                   | <u>746</u>                  | <u>827</u>                  |

The Directors received no direct remuneration for their services to the Company in either the current or preceding year. The Directors are remunerated for their services to the group as a whole and no apportionment made.

#### **5 Auditor's remuneration**

|                                     | <b>2022</b><br><b>£ 000</b> | <b>2021</b><br><b>£ 000</b> |
|-------------------------------------|-----------------------------|-----------------------------|
| Audit of these financial statements | <u>-</u>                    | <u>36</u>                   |

The Company's audit fee of £36,000 was borne by its Parent undertaking, Bibby Financial Services Limited.

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **6 Staff costs**

The aggregate payroll costs were as follows:

|                       | <b>2022</b><br><b>£ 000</b> | <b>2021</b><br><b>£ 000</b> |
|-----------------------|-----------------------------|-----------------------------|
| Wages and salaries    | 8,377                       | 7,077                       |
| Social security costs | 988                         | 755                         |
| Pension costs         | 270                         | 264                         |
|                       | <u>9,635</u>                | <u>8,096</u>                |

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

|                            | <b>2022</b><br><b>No.</b> | <b>2021</b><br><b>No.</b> |
|----------------------------|---------------------------|---------------------------|
| Administration and support | <u>239</u>                | <u>223</u>                |

#### **7 Interest payable and similar charges**

|                                            | <b>2022</b><br><b>£ 000</b> | <b>2021</b><br><b>£ 000</b> |
|--------------------------------------------|-----------------------------|-----------------------------|
| Interest on bank overdrafts and borrowings | <u>24,644</u>               | <u>15,704</u>               |

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **8 Taxation**

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

|                                                                                                     | <b>2022</b><br><b>£ 000</b> | <b>2021</b><br><b>£ 000</b> |
|-----------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| Profit before tax                                                                                   | <u>33,013</u>               | <u>30,002</u>               |
| Corporation tax at standard rate                                                                    | 6,272                       | 5,700                       |
| Effect of expense not deductible in determining taxable profit (tax loss)                           | 3                           | -                           |
| Effect of tax losses claimed from fellow subsidiary undertakings of the ultimate parent undertaking | (6,231)                     | (5,700)                     |
| Increase (decrease) from tax losses for which no deferred tax asset was recognised                  | <u>(44)</u>                 | <u>-</u>                    |
| Total tax charge/(credit) for the year                                                              | <u>-</u>                    | <u>-</u>                    |

On 3 March 2021 the UK Government announced that the main corporation tax rate will increase to 25% from 1 April 2023, this was substantively enacted 24 May 2021. At the balance sheet date this has been enacted and therefore deferred tax has been recognised at the rates that are expected to apply to the reversal of the timing differences.

#### **9 Investments**

##### **Company**

|                             | <b>2022</b><br><b>£ 000</b> | <b>2021</b><br><b>£ 000</b> |
|-----------------------------|-----------------------------|-----------------------------|
| Investments in subsidiaries | <u>58,056</u>               | <u>59,906</u>               |

During the year, four non-trading subsidiaries were dissolved resulting in an impairment of £1.85m in the parent company.

A full list of subsidiary undertakings is reported in Note 18 to the Financial Statements.

## Bibby Invoice Finance UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 10 Debtors

|                                                                                                          | Group          |                | Company          |                  |
|----------------------------------------------------------------------------------------------------------|----------------|----------------|------------------|------------------|
|                                                                                                          | 2022<br>£ 000  | 2021<br>£ 000  | 2022<br>£ 000    | 2021<br>£ 000    |
| Trade debtors                                                                                            | 590,508        | 573,750        | 550              | 550              |
| Amounts owed by group undertakings                                                                       | 118,558        | 104,663        | 448,045          | 437,865          |
| Prepayments and accrued income                                                                           | 655            | 461            | 223              | 19               |
| Other debtors                                                                                            | 50             | 92             | -                | -                |
|                                                                                                          | <u>709,771</u> | <u>678,966</u> | <u>448,818</u>   | <u>438,434</u>   |
|                                                                                                          |                |                | Group            |                  |
|                                                                                                          |                |                | 2022<br>£ 000    | 2021<br>£ 000    |
| Assigned debts receivable net of impairment provision                                                    |                |                | 891,207          | 877,151          |
| Less deferred assignment consideration owed to factoring clients where there is a full right of recourse |                |                | <u>(300,700)</u> | <u>(303,402)</u> |
| Trade debtors                                                                                            |                |                | <u>590,507</u>   | <u>573,749</u>   |

#### 11 Creditors

|                                                                                                         | Group          |                | Company        |                |
|---------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
|                                                                                                         | 2022<br>£ 000  | 2021<br>£ 000  | 2022<br>£ 000  | 2021<br>£ 000  |
| <b>Due within one year</b>                                                                              |                |                |                |                |
| Bank overdrafts                                                                                         | 3,748          | 3,751          | -              | -              |
| Trade creditors                                                                                         | 84             | 96             | 8              | -              |
| Deferred assignment consideration owed to factoring clients where there is not a full right of recourse | 131,116        | 141,824        | -              | -              |
| Amounts owed to group undertakings                                                                      | -              | 3,637          | -              | 3,637          |
| Social security and other taxes                                                                         | 2,491          | 1,482          | 25             | 29             |
| Accrued expenses                                                                                        | <u>2,982</u>   | <u>2,464</u>   | <u>1,052</u>   | <u>869</u>     |
|                                                                                                         | <u>140,421</u> | <u>153,253</u> | <u>1,085</u>   | <u>4,535</u>   |
| <b>Due after one year</b>                                                                               |                |                |                |                |
| Loans and borrowings                                                                                    | <u>443,502</u> | <u>432,875</u> | <u>443,502</u> | <u>432,875</u> |

## Bibby Invoice Finance UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

#### 11 Creditors (continued)

The Group securitises its trade debts by selling client debts assigned to it to an issuing party within a £855m funding facility. The securitisation facility is made up of multi currency variable fund notes and sterling denominated junior notes securitised against book trade receivables and floating charges over other Group book assets. In respect of trade debts, the amount recoverable under this security is limited to the amount of the debt actually prepaid to clients. The facility is performance guaranteed by parent undertakings. The interest charged on the facility is based on variable rates above interbank rates. The facility was extended in 2022 through to 2025.

#### 12 Financial instruments

##### Group

##### Categorisation of financial instruments

|                                                                                                                                                                                     | 2022<br>£ 000 | 2021<br>£ 000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Financial assets that are basic financial instruments, including trade debtors that are measured at amortised cost less any relevant impairment provision                           | 713,987       | 683,331       |
| Financial liabilities that basic financial instruments and are external financial debt liabilities including overdrafts, loans and borrowings, measured on an amortised costs basis | 447,250       | 440,263       |
| Other financial liabilities, including trade and other payables that are measured on an amortised cost basis                                                                        | 131,200       | 141,920       |

#### 13 Called up share capital

##### Allotted, called up and fully paid shares

|                            | 2022    |        | 2021    |        |
|----------------------------|---------|--------|---------|--------|
|                            | No. 000 | £ 000  | No. 000 | £ 000  |
| Ordinary shares of £1 each | 67,750  | 67,750 | 67,750  | 67,750 |

#### 14 Reserves

##### Group

##### Other reserves

The other reserve arises on consolidation when applying the merger method of consolidation for business combination. The reserve represents the elimination of share consideration allotted on the inheritance of control of subsidiaries from the parent company as part of group reorganisation.

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **15 Obligations under leases**

##### **Group**

##### **Operating leases**

The total of future minimum lease payments is as follows:

|                                                   | <b>2022</b>  | <b>2021</b>  |
|---------------------------------------------------|--------------|--------------|
|                                                   | <b>£ 000</b> | <b>£ 000</b> |
| Not later than one year                           | 739          | 688          |
| Later than one year and not later than five years | 766          | 1,458        |
| Later than five years                             | -            | 10           |
|                                                   | <u>1,505</u> | <u>2,156</u> |

#### **16 Retirement benefits**

##### **Defined benefit pension schemes**

##### **Bibby Line Group Limited Defined Benefit Pension Scheme**

The BIF Group is a member of the Bibby Line Group Limited Defined Benefit Pension Scheme. The principal employer of the Scheme, has recognised the full surplus / deficit in the Scheme and makes contributions in line with a schedule of contributions agreed with the Trustees of the pension scheme.

A Scheme surplus of £1,590,000 (2021: £2,624,000) is noted in the financial statements of the principal employer, Bibby Line Group Limited. Bibby Line Group Limited is legally responsible for the plan, The scheme was closed to new entrants in April 2000 and closed to future accrual for existing members in September 2011.

##### **Defined contribution pension scheme**

The pension charge for the year represents contributions payable to defined contribution pension plans and amounts to £269,985 (2021: £264,013).

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **17 Non adjusting events after the financial period**

On 22 March 2023, shareholders agreed, by special resolution, that the issued share capital of the company be reduced from £67,750,001 to £5,000,000 by cancelling and extinguishing 62,750,001 of the issued ordinary shares of £1.00 in the Company, each of which is fully paid up and the amount by which the share capital is so reduced be credited to the profit and loss reserve.

The Directors have considered the potential impact of the collapse of Silicon Valley Bank, Signature Bank, First Republic Bank and Credit Suisse including the mitigating measures and uncertainties on the Group and Company and have concluded that these are non-adjusting post balance sheet events as the Group and Company does not have any exposure (either direct cash exposure or direct/indirect through investments) with any bank in a distressed situation. The Directors have taken account of these events in the going concern assessment.

#### **18 Investments**

##### **Details of undertakings**

For the year ended 31 December 2022 all subsidiaries have taken exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The registered office of all subsidiaries is 3rd Floor, Walker House, Liverpool, L2 3YL, with the exception of Bibby Factors Scotland Limited. The registered office of Bibby Factors Scotland Limited is The Exchange Building, 142 St. Vincent Street, Glasgow, United Kingdom, G2 5LA.

##### **Details of subsidiary undertakings**

| Undertaking                      | Country of<br>Incorporation | Holding  | Proportion of<br>voting rights<br>and shares<br>held |      |
|----------------------------------|-----------------------------|----------|------------------------------------------------------|------|
|                                  |                             |          | 2022                                                 | 2021 |
| Subsidiary undertakings          |                             |          |                                                      |      |
| Bibby Factors Bristol Limited    | England                     | Ordinary | 100%                                                 | 100% |
| Bibby Factors Leicester Limited  | England                     | Ordinary | 100%                                                 | 100% |
| Bibby Factors Limited            | England                     | Ordinary | 100%                                                 | 100% |
| Bibby Commercial Finance Limited | England                     | Ordinary | 100%                                                 | 100% |
| Bibby Factors Northeast Limited  | England                     | Ordinary | 100%                                                 | 100% |
| Bibby Factors Northwest Limited  | England                     | Ordinary | 100%                                                 | 100% |
| Bibby Factors Scotland Limited   | Scotland                    | Ordinary | 100%                                                 | 100% |
| Bibby Factors Slough Limited     | England                     | Ordinary | 100%                                                 | 100% |
| Bibby Factors Sussex Limited     | England                     | Ordinary | 100%                                                 | 100% |
| Bibby Factors Yorkshire Limited  | England                     | Ordinary | 100%                                                 | 100% |

## **Bibby Invoice Finance UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)**

#### **18 Investments (continued)**

|                                     |         |          |      |      |
|-------------------------------------|---------|----------|------|------|
| Bibby Factors Wessex Limited        | England | Ordinary | 100% | 100% |
| Bibby Trade Factors Limited         | England | Ordinary | 100% | 100% |
| Bibby Factors International Limited | England | Ordinary | 100% | 100% |
| Bibby Invoice Discounting Limited   | England | Ordinary | 100% | 100% |
| Global Management Services Limited  | England | Ordinary | 100% | 100% |
| Bibby Revolving Finance Limited     | England | Ordinary | 100% | 100% |

#### **Details of principal activities**

The principal activity of Bibby Factors Bristol Limited is debt factoring.  
The principal activity of Bibby Factors Leicester Limited is debt factoring.  
The principal activity of Bibby Factors Limited is debt factoring.  
The principal activity of Bibby Commercial Finance Limited is debt factoring.  
The principal activity of Bibby Factors Northeast Limited is debt factoring.  
The principal activity of Bibby Factors Northwest Limited is debt factoring.  
The principal activity of Bibby Factors Scotland Limited is debt factoring.  
The principal activity of Bibby Factors Slough Limited is debt factoring.  
The principal activity of Bibby Factors Sussex Limited is debt factoring.  
The principal activity of Bibby Factors Yorkshire Limited is debt factoring.  
The principal activity of Bibby Factors Wessex Limited is debt factoring.  
The principal activity of Bibby Trade Factors Limited is debt factoring.  
The principal activity of Bibby Factors International Limited is debt factoring.  
The principal activity of Bibby Invoice Discounting Limited is confidential debt factoring.  
The principal activity of Global Management Services Limited is dormant company.  
The principal activity of Bibby Revolving Finance Limited is debt factoring.

#### **Details of dissolution of subsidiary entities**

During the year the following UK subsidiaries were dissolved:

Bibby Factors Borehamwood Limited  
Bibby Factors Bedford Limited  
Bibby ACF Limited  
Bibby Transactional Finance Limited