

Bibby FS (Holdings) Ltd
3143108

Registration number: 3530461

Bibby Financial Services Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2019



Bibby Financial Services Limited

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Bibby Financial Services Limited

Company Information

Chairman	John Cresswell
Chief executive officer	David Postings
Directors	John Cresswell David Postings Ian Ramsden Edward Winterton Theovinder Chatha Jonathan Lewis
Company secretary	Bibby Bros. & Co. (Management) Limited
Registered office	3rd Floor Walker House Exchange Flags Liverpool L2 3YL
Ultimate parent undertaking	Bibby Line Group Limited
Auditor	Deloitte LLP Statutory Auditor Liverpool United Kingdom

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2019

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

What we do

Bibby Financial Services Limited (BFS), (the 'Parent Company') and its subsidiaries (the 'Group'), provides invoice finance, asset finance, trade finance and foreign exchange services to small and medium sized businesses.

Products and services provided by BFS help businesses to unlock working capital and reduce the exposure of currency fluctuations.

By so doing, we enable businesses to overcome cash flow issues, purchase new equipment, grow, expand and trade overseas. We also support management buy ins and buy outs, and corporate restructuring.

BFS currently supports more than 12,000 business customers in over 300 industry sectors, operating in 12 countries across Europe and Asia.

Subsequent to the 2019 year end, BFS completed the disposal of its North American business. All results within the report include the North American business unless stated otherwise. See Note 25 for further details.

Strategy

BFS's purpose is to help small and medium sized entities (SMEs) thrive. To deliver this purpose and achieve the Group's corporate objectives, our strategy is to 'focus and grow' and is based on three key pillars, referred to as the three 'Cs':

- Colleagues ('being a great place to work')
- Clients ('setting the standard for service and value')
- Contribution ('growing profitably')

Our people are at the heart of everything we do. By having highly engaged, motivated people – supported by technology – we provide a leading, multichannel experience to our clients. This helps us to achieve a balanced portfolio of businesses.

The focus of our strategy relates to the prioritisation of investment in key geographical locations and product businesses.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Operational review

In 2019 we continued to see good growth across UK and Europe however, headwinds faced by our North American business along with three significant bad debts impacted profitability.

Furthermore, following changes in the finance team, the Board reviewed the accounting approach in a number of areas across BFS. The Board initially instructed PricewaterhouseCoopers ("PwC"), as internal auditor, to support the review and to validate BFS' findings. As a result of this review, the Board then instructed a separate team from PwC to undertake a detailed forensic review of the BFS Balance Sheet. Following the investigation, the Directors' concluded that a restatement of the 2018 financial statements was required. Please see Note 26 for further details.

In response to the 2019 financial performance and the continued difficult trading conditions, BFS has taken a number of measures to improve profitability. These include the disposal of our North American business, restructure of the UK operations and central support functions and a review of investment spend.

Despite the performance in 2019 BFS remains a strong business with long-standing customer relationships and an engaged team. Our strong focus on client needs has grown income across Europe. In line with our strategic plan, we continue to grow the UK Corporate proposition and expand the specialist businesses supporting our clients with bad debt protection, contractual debt financing, trade, Foreign Exchange (FX) and leasing needs.

We maintain a strong capital, funding and liquidity position and extended our main UK securitisation facility in the final quarter of 2019 for a further four years. Total funding capacity for BFS was £1.33bn at 31 December 2019 (2018: £1.33bn). By ensuring we have a robust mix of funding, we are better able to meet our clients' needs in a cost efficient way.

We continue to invest in our people, systems and processes to ensure that our business is able to provide support to our clients both now and in the future.

Service remains the key to our success. We believe that the most effective support for our clients is a blend of personal relationships underpinned by effective digital technology. To achieve this we have continued to develop proprietary digital technology within our core financial services operation.

This investment has helped us to grow client numbers and maintain the level of service we provide to existing clients; at the end of 2019 overall client satisfaction was 86% (2018: 89%) and the Net Promoter Score remained high at +38 (2018: +42).

Currently employing more than 1,200 people worldwide, BFS is proud to have been awarded a place in the Sunday Times Best Companies to Work For in 2019. This marks the business's sixth consecutive placement in the top 100 companies and eighth time since 2010.

Finally, the recent Covid-19 pandemic has affected BFS and all of its stakeholders, as may the subsequent risk of a down turn in the economy. The likely resulting recession will cause uncertainty for BFS and may impact our colleagues, clients, funders and shareholders. While it remains too early to know the full impact of Covid-19, the Group has traditionally performed well through economic cycles and therefore, we remain confident in our business model and strong experience of our colleagues to respond well to the challenges and opportunities that may arise. Further detail is provided in Principal Risks and Uncertainties on page 6.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Financial performance

Key financial and other performance indicators during the year in respect of Consolidated performance were as follows:

	Unit	2019	2018
Debts factored	£m	10,473	10,142
Turnover	£000	177,584	176,832
Interest payable and similar charges (2018 - restated)	£000	31,799	32,115
(Loss) / profit before tax (2018 - restated)	£000	(11,311)	3,618
Funds advanced	£m	924	982

Debts factored increased by 3.3% (2018: 10.8%), however, year end funds advanced to customers reduced to £924m (2018: £982m). Turnover increased marginally by £0.8m (0.4%) to £177.6m. This increase in turnover primarily results from the growth in debts factored, partly offset by reduced income yield. This reduction in yield was driven by continued competitive pressure along with product mix changes including invoice discounting becoming a greater proportion of the client base. While we saw growth in UK and Europe, North American turnover was around £5m lower than the prior year.

Interest payable and similar charges have decreased by £0.3m (1.0%) to £31.8m for 2019. The 2018 profit and loss account included £4.9m of additional costs and amortisation that resulted from the introduction of a mezzanine layer of loan notes and a more prudent accounting judgement of the amortisation charge to write down the costs of establishing the UK securitisation facility. The underlying increase in interest payable was primarily driven by the higher average funds advanced throughout the year.

Overall, BFS made a loss before tax of £11.3m (Restated 2018: Profit of £3.6m). This loss reflects the modest increase in turnover offset by higher cost of sales and an increase in bad debt charge to 1.7% (2018: 1.0%). The bad debt charge was driven by three significant client losses, largely as a result of a client fraud, with underlying credit performance and quality of the book remaining robust. Further information of the restatement can be found in Note 26.

The corporate taxation charges reflects deferred tax and 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 Financial Services Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Risk management

Risk management, robust governance and internal control are central to the way we manage all aspects of our business. Responsible practices underpin our values, behaviours and culture and they enable BFS to grow in a sustainable way.

Our risk management processes and systems manage and mitigate, rather than eliminate, risk. Our risk framework is overseen by our Global Risk team on behalf of the Board and is represented by the 'three lines of defence' model:

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

This framework enables us to review and escalate key risks facing the Group in a timely manner in order to, manage and mitigate outcomes, as far as possible, to protect profitability and ensure success of BFS.

The first line of defence for risk management within BFS is placed at the business level. A significant role of all business managers throughout our global operations is to ensure risk is managed appropriately and effectively.

Central management support forms the second line of defence and independently assesses all material risks. The third line, which includes internal audit and the BFS Audit Committee, independently reviews and challenges the Group's risk management controls, processes and systems.

Credit risk was effectively managed by our Operational and Central Risk teams in 2019 with our bad debt charge being 1.7% (2018: 1.0%) of our advances at year end.

BFS is approved to undertake regulated activities through Bibby Leasing Ltd, which is authorised by the Financial Conduct Authority (FCA) for consumer credit and consumer hire. Bibby Financial Services GmbH is authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) for factoring business. Bibby Factors France S.A. is authorised by the Banque de France (through the Autorité de Contrôle Prudentiel et de Résolution) as a "société de financement". In the UK BFS is also a member of UK Finance, and complies with the Invoice Finance and Asset Based Lending Code (2018 Edition). Bibby Foreign Exchange Ltd is also approved by the FCA to conduct Forex business, in the UK. Coverly Limited is an appointed representative of Ambant Underwriting Services Limited, a company authorised and regulated by the FCA.

Outside of these directly regulated activities, BFS operate in an evolving, self-regulated market where going 'above and beyond' the minimum is fundamental to the management of the business. BFS continue to proactively lead in self-regulation and continues to 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 BFS develop and grow. BFS therefore endeavour to manage operations responsibly and conduct business in an ethical and transparent way.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Principal risks and uncertainties

BFS serves small and medium sized companies (SMEs). Growth in the SME financing market is influenced by the wider economic environment and business confidence. The market place for BFS is increasingly competitive, creating pressure on income growth and margins. A challenging macro-economic environment in 2019 impacted the level of growth in the UK.

BFS currently extends geographically across Europe and Asia. BFS provides services to clients through operating companies established in the client's country of residence, and these services are aligned to the local legal framework and regulation. BFS is therefore well placed to manage the continued uncertainty created by the risk of the UK leaving the European Union. Risks caused by the uncertainty, including a possible down turn in the economy and following recession, may increase costs and the administrative burden of doing business in Europe which could significantly impact some of our clients. BFS has taken steps to improve its funding base so that BFS will remain client focussed and will continue to provide competitive funding solutions to all of the markets in which BFS operates through this period. BFS will continue to monitor legislative risks, the risks to BFS suppliers and funders, and any potential impact on BFS employees of changes.

As mentioned in the Strategic review, Covid-19 has naturally affected BFS and all of its stakeholders. While it remains too early to know the full impact of Covid-19 on the markets in which we operate, we remain confident in our business model and strong experience of our colleagues to respond well to the challenges and opportunities that may arise. BFS's operational resilience has allowed the Group to continue to operate effectively through the pandemic, with all colleagues being able to work from home when needed, supported by robust systems and technology that continue to meet client needs. We continue to maintain a good capital position with net assets in excess of £160m, which will provide protection against lower profitability. We also have a solid funding base and strong funding relationships, principally through our UK Securitisation and Pan European facility, with both facilities maturing in more than one year, allowing us to continue to support our customers and meet BFS's liquidity requirements. Our client portfolio is well diversified with both client and debtors well spread. Debtor concentrations remain low and we have limited exposure to industries, including hotels and hospitality, currently expected to be most impacted by Covid-19. BFS continues to take a considered approach managing the impact of Covid-19 on the Group and its key stakeholders including continually scenario planning and stress testing its financial position to ensure we remain well positioned as the situation evolves.

Commercial risks and uncertainties

Our marketplace continues to present commercial risks and uncertainties as a result of competitive developments, the macro economic climate and changing client requirements. To manage these risks, we aim to provide our clients with a high standard of service and develop our product portfolio and omni-channel environment to better meet their needs. As mentioned previously, we continue to maintain a strong liquidity position and solid funding relationships.

Our principal activities involve credit risk in respect of our clients and their customers. We manage this risk by taking adequate security and through a series of internal controls both manual and systems based.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Financial instruments

Objectives and policies

The financial risks the Group faces have been considered by the Board and policies are in place to effectively manage each risk. We consider the most significant financial risks to be *liquidity risk*, *capital adequacy*, *finance cost risk* and *credit risk*. In each case, the risk is managed by matching assets and liabilities on the relevant basis.

One of the Group's subsidiaries sells foreign exchange services to its clients including the selling of derivative financial instruments. The subsidiary is FCA regulated and transacts within a strong framework of internal governance and authorisation to ensure it is not exposed to significant exchange rate risk.

A small amount of forward exchange contracts are entered into by the Group to manage its own exposure to foreign exchange rate risk. The Group's policy is normally to match foreign currency receivables with borrowings in the same currency. Where necessary, currency risk arising is addressed by taking out forward cover in the form of a derivative.

Price risk, liquidity risk, credit risk and capital adequacy

Price risk:

The Group advances to clients and raises funds on a largely matched basis, The Group charges clients and pays for funds on an aligned charging basis and we raise funds in the same currency as we advance.

Where necessary (i.e. where there is no matching trading balance to a currency exposure) we address exchange rate transaction risk by taking out forward cover in the form of a currency derivative contract. These are entered into after review by the Directors of the effectiveness of the derivatives to hedge exchange rate risk exposure.

BFS trades in various countries around the world and the Group is exposed to a range of currencies. The functional and reporting currency for BFS is sterling (GBP). We therefore carry an exchange rate translation risk in preparing the financial statements. No specific exchange instruments are used to protect against this translation risk because it is a non-cash risk to the Group.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Liquidity risk:

Liquidity risk is assessed by the Group on a regular basis. The Board receives and assesses cash flows of the business, at a minimum, at each quarterly Board meeting of the Directors. The Group maintains cash defences to accommodate potential perceived demands on liquidity arising from losses and other scenarios.

Capital adequacy:

Capital adequacy is assessed by the Board on a regular basis to ensure that the business has adequate capital to withstand potential losses and provide creditors with adequate protection. The Group maintains undrawn facilities available on our existing loan book to ensure there is adequate liquidity in addition to earnings which increase capital available in the year.

Credit risk:

Credit risk is defined as the risk of loss in relation to an advance made by one of the Group's business units. Operating businesses are provided with appropriate levels of credit discretion. Credit exposures above these levels set are only approved by Senior Underwriters, Regional CEO and Board Credit Committee as appropriate.

Credit risk analysis is focused on ensuring that risks have been fully identified and that the risk is understood and acceptable against the expected rewards. The Group uses system generated risk monitoring and internal rating processes. However, the Group does not seek to rely on quantitative models to assess credit risk but uses fundamental credit analysis as the basis for risk decisions.

Credit exposures are monitored against limits and client facility limits are in place for all facilities. Credit policies are in place to avoid unacceptable client credit risk.

Section 172(1) statement

The Board of Directors of BFS consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1)(a-f) of the Companies Act) in the decisions taken during the year ended 31 December 2019.

The Directors give careful consideration to the factors set out in s172 (1)(a-f) of the Companies Act in discharging their duties. The stakeholders we consider in this regard are our colleagues, our clients, our shareholders, our funders and the local communities in which we are located.

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

Stakeholder engagement

The Board is committed to effective engagement with all of its stakeholders. The Board and its Committees regularly receive reports from management on issues concerning clients, the environment, communities, suppliers, colleagues, funders and shareholders, which they take into account in their discussions and their decision-making process under section 172.

The Board and its Committees undertake detailed reviews to further develop their understanding of key issues impacting all stakeholders. In addition to this, the Board seeks to understand the interests and views of the Group's stakeholders by engaging with them directly as appropriate. Some of the ways the Board has engaged directly with stakeholders over the year are shown below.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Clients

Throughout 2019, BFS continued to engage both with clients and the wider industry through a variety of initiatives. Our take-on survey ensures that we understand and act on feedback provided by new clients. Our annual client survey enables us to understand client satisfaction across our portfolio, measured by Net Promoter Score. Our Trustpilot rating is another indicator used to measure client satisfaction and service levels. To understand the needs of the wider business community, our quarterly SME Confidence Tracker survey and reports are based on research amongst 1,000 UK businesses across key sectors including construction, manufacturing, services, wholesale and transport. The survey focuses on business performance, confidence, investment levels, and payment practices. The Directors consider all of the above when concluding on issues that may affect clients.

Colleagues

In 2019, BFS used a variety of mechanisms to provide information to and receive feedback from colleagues as well as devices to gauge understanding, engagement and satisfaction. Core Brief is a monthly publication that is sent to line managers for them to deliver to colleagues face to face. Messages contained in each edition have links to the corporate strategy as well as business as usual activities. The Global CEO delivered an in person roadshow to every employee in October 2019 to provide strategic overview, field questions directly and take on feedback. This roadshow was preceded by local townhalls carried out by the regional CEOs which naturally had a more tactical focus.

Directors and management also carried out monthly video briefings to update colleagues on performance and relevant strategic activity.

Finally, each year BFS carries out its global 'Involving You' survey which is designed to gauge how colleagues feel about working within BFS, what improvements can be made and identifying areas of excellence. 'Involving You' helps foster a culture of ownership and continuous improvement. This is followed by the Best Companies survey in the UK, the answers to which go forward to support our application for the Sunday Times Top 100 Companies to Work For. As part of the above BFS set up colleague focus groups across the business to shape our Employee Value Proposition.

Shareholders

The board regularly receives feedback from the Group's shareholders, principally via two members of the Board who are also members of the Bibby Line Group Limited (parent company) Board. This gives the shareholders full visibility and inclusion in the BFS business. Additionally, the Directors attend an annual strategy day to discuss the BFS strategy, operating plan and long term financial performance with the Group's shareholders.

Funders

BFS engages in regular communication with the Group's key funders to discuss and provide updates about, and seek feedback on, the business, strategy and financial performance. This relationship was built upon further in the second half of 2019 when the main UK securitisation was renewed for a further four years.

Bibby Financial Services Limited**Strategic Report for the Year Ended 31 December 2019 (continued)**

Decision-making

Below is an example of how the Directors have had regard to the matters set out in section 172 when discharging their duties. During 2019, the Board made the decision to withdraw from the North American market and a sale of its North American business was finalised in February 2020. When forming their decision the Board carefully weighed the benefits of the disposal for funders, clients, employees and the Group against any impact on those stakeholders. The financial and wider consequences of the disposal were assessed by the Board and supported by external advisors. On balance the Board considered that the benefits of the disposal outweighed the detriment to certain stakeholders and the risk associated with the transaction.

Approved by the Board on 7 July 2020 and signed on its behalf by:

Harper

JEANETTE CAMPBELL...

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

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

Bibby Financial Services Limited

Directors' Report for the Year Ended 31 December 2019

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

Directors of the Group

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

John Cresswell - Chairman

David Postings - Chief Executive Officer

Ian Ramsden

Edward Winterton

Theovinder Chatha (appointed 23 September 2019)

Jonathan Lewis (appointed 1 September 2019)

Stephen Rose (resigned 23 September 2019)

Steven Robinson (resigned 22 August 2019)

Michael Fairey (resigned 16 December 2019)

Mark Lyons (resigned 1 September 2019)

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.

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 forecasts, in light of Covid-19, along with a range of stress scenarios. The Directors also considered the impact of the prior year restatement on the Group's financial position and forecasted performance. 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 Group during the financial year.

Bibby Financial Services Limited

Directors' Report for the Year Ended 31 December 2019 (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 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 is integral to how we operate, enabling us to build a sustainable future in a responsible and ethical manner. This encompasses how we treat employees, clients, partners and suppliers as well as playing a positive role and investing in local communities and minimising our impact on the environment.

The importance of the environment we operate in is recognised through our policies which aim to protect and minimise our environmental impacts where possible. Our initiatives are aimed at managing our use of energy and recycling to ensure that our impact is minimal.

Employment of disabled persons

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

Colleague involvement

Our success depends on our people and we operate a culture where we engage, motivate and help employees to achieve their potential. Inclusion and diversity, safety, well-being, training and career development are an essential part of our culture to ensure we are meeting the needs of our people. We are therefore delighted that Bibby Financial Services has maintained a top 100 position in the Sunday Times Best Companies to Work For. This was a clear demonstration of the success we are delivering against our ambition of "Being a great place to work".

The team make the difference to our clients, at all times working hard to deliver the highest standards of service, evidenced through our client feedback and impressive Net Promoter Score of +38. Our people also make a positive contribution to support our local communities through our 'Giving Something Back' (GSB) programme; playing an active role volunteering and fundraising.

Bibby Financial Services Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Environmental matters

BFS runs a Sustainable Business Futures (SBF) initiative to reduce our impact on the environment. As set-out in our Environmental Policy, the initiative features seven key focus areas, which are to:

1. Encourage colleagues, partners and suppliers to support and deliver BFS's commitments and work in a sustainable manner
2. Evaluate the environmental impact when considering and making decisions on business activities and operations
3. Minimise our carbon footprint
4. Reduce, Re-use, Recycle, Repair
5. Review, change and/or adopt processes to enable the business to work more effectively
6. Promote efficient use of materials and resources, including electricity, fuel and water
7. Reduce waste by using recycled or recyclable products and materials that are suitable and economical.

The SBF initiative comes to life through a variety of focused campaigns combined with local business champions making a difference in their offices.

Social and community issues

As a business with offices throughout the UK and Europe, local charitable giving is part of our DNA. Our Giving Something Back scheme is a recurrent theme depicting life at BFS. GSB is a unique initiative harnessing the passion of our people by supporting and contributing to the local communities in which we work.

Research and development

The Group has dedicated in-house change management and software design and development teams with primary focus on Digital and Information Technology. Costs relating to the development of digital technology are capitalised if they relate to internal capital projects. The Group's likely future developments including its strategy are described in the Strategic Report.

Prior year adjustment

As previously written in the Operational review, in 2019 following organisational changes within the finance function, internal reviews in the year indicated the material misstatement of a number of accounting balances within the Group financial statements.

The Board reviewed the accounting approach in a number of areas across BFS. The Board initially instructed PwC, as internal auditor, to support the review and to validate BFS' findings. As a result of this review, the Board then instructed a separate team from PwC to undertake a more detailed forensic review of the BFS Balance Sheet. The investigation concluded, and the Board agreed, that a restatement of the 2018 financial statements was required. The 2018 financial results have been restated in accordance with FRS 102 Section 10 - Accounting Policies, Estimations and Errors.

The Board also requested a comprehensive financial controls review, supported by PwC as our internal auditor, with a number of enhanced controls being implemented over the 2020 financial year. The implementation of these controls is being actively monitored by the Audit and Risk committee. Furthermore, there have been a number of personnel changes in the senior finance team.

The restatement has reduced the profit after tax for the year ended 31 December 2018 from £15.3m to £6.1m. Further information on the prior year adjustment can be found in Note 26.

Bibby Financial Services Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Non adjusting events after the financial period

Post year end BFS disposed of its North American business. The sale of the subsidiary group called Bibby Financial Services (Holdings), Inc was completed on 29 February 2020. The net asset value of the investment at date of disposal was £25m and the loss on disposal is estimated at around £2m including transaction costs.

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

For the year ended 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities at the year end. Due to the uncertainty of the outcome of the current events, BFS cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future. Notwithstanding this, the Group's business model has performed well over many economic cycles and our good capital and funding position will allow us to respond well to the challenges and opportunities that may arise. The Directors will continue to monitor the impact of the Covid-19 pandemic on the activities of the Group.

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 July 2020 and signed on its behalf by:


Jeanette Thompson

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

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

Bibby Financial Services 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and 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 Financial Services Limited

Independent Auditor's Report to the members of Bibby Financial Services Limited

Report on the audit of the financial statements

Opinion

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

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

We have audited the financial statements which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Notes to the Financial Statements 1 to 27.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Bibby Financial Services Limited

Independent Auditor's Report to the members of Bibby Financial Services Limited (continued)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

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

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

Bibby Financial Services Limited

Independent Auditor's Report to the members of Bibby Financial Services Limited (continued)

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

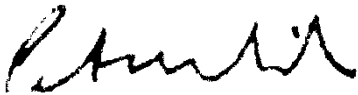
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

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



Peter Birch (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Liverpool
United Kingdom

7 July 2020

Bibby Financial Services Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2019

		2019	(As restated)
	Note	£ 000	2018
			£ 000
Turnover	3	177,584	176,832
Cost of sales		<u>(157,433)</u>	<u>(141,784)</u>
Operating profit	4	20,151	35,048
Other interest receivable and similar income	8	337	685
Interest payable and similar charges	9	<u>(31,799)</u>	<u>(32,115)</u>
(Loss)/profit before tax		(11,311)	3,618
Taxation	10	<u>5,274</u>	<u>2,439</u>
(Loss)/profit for the financial year		<u><u>(6,037)</u></u>	<u><u>6,057</u></u>

The above results were derived from continuing operations.

The notes on pages 26 to 61 form an integral part of these financial statements.

Bibby Financial Services Limited

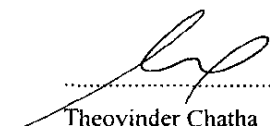
**Consolidated Statement of Comprehensive Income for the Year Ended 31 December
2019**

	2019	(As restated)
	£ 000	2018
		£ 000
(Loss)/profit for the year	(6,037)	6,057
Foreign currency (losses)/gains	<u>(2,353)</u>	<u>1,164</u>
Total comprehensive (loss)/income for the year attributable to equity shareholders	<u><u>(8,390)</u></u>	<u><u>7,221</u></u>

Bibby Financial Services Limited
(Registration number: 3530461)
Consolidated Balance Sheet as at 31 December 2019

	Note	2019 £ 000	(As restated) 2018 £ 000
Fixed assets			
Intangible assets	12	42,775	41,973
Tangible assets	13	<u>11,349</u>	<u>11,671</u>
		<u>54,124</u>	<u>53,644</u>
Current assets			
Debtors	15	1,102,236	1,132,740
Cash at bank and in hand	14	<u>62,151</u>	<u>56,939</u>
		1,164,387	1,189,679
Creditors: Amounts falling due within one year	16	<u>(295,283)</u>	<u>(260,523)</u>
Net current assets		<u>869,104</u>	<u>929,156</u>
Total assets less current liabilities		923,228	982,800
Creditors: Amounts falling due after more than one year	16	<u>(759,847)</u>	<u>(801,029)</u>
Net assets		<u>163,381</u>	<u>181,771</u>
Capital and reserves			
Called up share capital	17	62,600	62,600
Profit and loss account		<u>100,781</u>	<u>119,171</u>
Shareholders' funds		<u>163,381</u>	<u>181,771</u>

Approved and authorised by the Board on 7 July 2020 and signed on its behalf by:



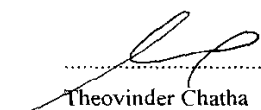
 Theovinder Chatha
 Director

Bibby Financial Services Limited
(Registration number: 3530461)
Company Balance Sheet as at 31 December 2019

	Note	2019 £ 000	(As restated) 2018 £ 000
Fixed assets			
Investments	11	61,850	61,850
Intangible assets	12	41,587	39,876
Tangible assets	13	10,216	10,432
		<u>113,653</u>	<u>112,158</u>
Current assets			
Debtors	15	18,065	8,540
Cash at bank and in hand	14	5,727	2,317
		23,792	10,857
Creditors: Amounts falling due within one year	16	<u>(40,078)</u>	<u>(42,181)</u>
Net current liabilities		<u>(16,286)</u>	<u>(31,324)</u>
Total assets less current liabilities		97,367	80,834
Creditors: Amounts falling due after more than one year	16	<u>(7,653)</u>	<u>(6,564)</u>
Net assets		<u>89,714</u>	<u>74,270</u>
Capital and reserves			
Called up share capital	17	62,600	62,600
Profit and loss account		<u>27,114</u>	<u>11,670</u>
Shareholders' funds		<u>89,714</u>	<u>74,270</u>

The Company profit for the year as reported in the Company Statement of Changes in Equity is £25,444,000 (2018: Restated loss for the year £11,225,000).

Approved and authorised by the Board on 7 July 2020 and signed on its behalf by:



 Theovinder Chatha
 Director

Bibby Financial Services Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	62,600	119,171	181,771
Loss for the year	-	(6,037)	(6,037)
Other comprehensive expense	-	(2,353)	(2,353)
Total comprehensive expense	-	(8,390)	(8,390)
Dividends	-	(10,000)	(10,000)
At 31 December 2019	62,600	100,781	163,381

	Share capital £ 000	(As restated) Profit and loss account £ 000	(As restated) Total £ 000
At 1 January 2018	62,600	130,751	193,351
Profit for the year	-	6,057	6,057
Other comprehensive income	-	1,164	1,164
Total comprehensive income	-	7,221	7,221
Dividends	-	(18,801)	(18,801)
At 31 December 2018	62,600	119,171	181,771

The notes on pages 26 to 61 form an integral part of these financial statements.

Bibby Financial Services Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2019	62,600	11,670	74,270
Profit for the year	-	25,444	25,444
Dividends	-	(10,000)	(10,000)
At 31 December 2019	<u>62,600</u>	<u>27,114</u>	<u>89,714</u>

	Share capital £ 000	(As restated) Profit and loss account £ 000	(As restated) Total £ 000
At 1 January 2018	62,600	41,696	104,296
Loss for the year	-	(11,225)	(11,225)
Dividends	-	(18,801)	(18,801)
At 31 December 2018	<u>62,600</u>	<u>11,670</u>	<u>74,270</u>

The notes on pages 26 to 61 form an integral part of these financial statements.

Bibby Financial Services Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2019

		2019	(As restated) 2018
	Note	£ 000	£ 000
Cash flows from operating activities			
(Loss)/profit for the year		(6,037)	6,057
Adjustments to cash flows from non-cash items			
Depreciation, amortisation and impairment of fixed assets	4	12,345	6,505
Loss on disposal of fixed assets	13	254	-
Interest receivable and similar income	8	(337)	(685)
Interest payable and similar charges	9	31,799	32,115
Taxation	10	<u>(5,274)</u>	<u>(2,439)</u>
		32,750	41,553
Working capital adjustments			
Decrease in trade debtors		26,162	25,524
Increase/(decrease) in trade creditors		<u>27,471</u>	<u>(58,648)</u>
Cash generated by operations		86,383	8,429
Corporation tax paid		<u>(1,747)</u>	<u>(2,612)</u>
Net cash flow from operating activities		<u>84,636</u>	<u>5,817</u>
Cash flows from investing activities			
Interest received		337	685
Acquisition of tangible fixed assets		(2,434)	(2,536)
Proceeds from sale of tangible assets		-	640
Acquisition of intangible fixed assets		<u>(10,734)</u>	<u>(15,024)</u>
Net cash flows from investing activities		<u>(12,831)</u>	<u>(16,235)</u>
Cash flows from financing activities			
Interest paid		(31,799)	(32,116)
(Repayment of) / proceeds from draw down of existing borrowing facilities		(20,299)	3,748
Proceeds from draw down of new borrowing facilities		-	105,000
Loan made to parent company		(4,000)	(950)
Proceeds from placement of finance lease arrangements		8,872	5,278
Repayments of finance leases		(5,157)	(542)
Dividends paid	18	<u>(10,000)</u>	<u>(18,801)</u>
Net cash flows from financing activities		<u>(62,383)</u>	<u>61,617</u>
Net increase in cash and cash equivalents		9,422	51,199
Cash and cash equivalents at 1 January		52,097	(60)
Effect of exchange rate fluctuations on cash held		<u>(2,671)</u>	<u>958</u>
Cash and cash equivalents at 31 December	14	<u>58,848</u>	<u>52,097</u>

The notes on pages 26 to 61 form an integral part of these financial statements.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

Bibby Financial Services Limited is a private company limited by shares and incorporated in England under the Companies Act 2006, registration number 3530461. The address of its registered office and principal place of business is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL.

The company is a wholly owned subsidiary of Bibby Line Group Limited. Bibby Line Group Limited is *ultimate parent undertaking* and is the *parent undertaking* of the smallest and largest group which consolidates these financial statements for which the company is a member. The ultimate controlling party is disclosed in the financial statements of Bibby Line Group Limited. Copies of all financial statements can be obtained from Bibby Line Group Limited, 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL (www.bibbylinegroup.co.uk).

These financial statements were authorised for issue by the Board on 7 July 2020.

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 years 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 have been prepared under the historical cost convention except for any derivative financial instruments which are stated at their fair values. The primary economic environment in which the Company operates is governed by the Great British Pound, its functional currency. As such the financial statements have been prepared in this currency.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in consolidated profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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 Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Company loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, less liabilities of the subsidiary.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the amounts of identifiable assets acquired and liabilities assumed.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expenses are translated at average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulate in equity.

Disclosure exemptions

The company's individual profit and loss account is omitted from the financial statements as permitted by Section 408 of the Companies Act 2006, where Group financial statements are presented.

The company's individual statement of cash flows is omitted from the financial statements as permitted by FRS 102 Section 1.12.

The company is exempt from disclosing transactions with other wholly owned members of the Group controlled by the ultimate parent undertaking, as permitted by FRS 102 Section 33.

There is no key management personnel identified other than the directors of the business. Directors remuneration for services provided to the Company are disclosed within the financial statements.

Going concern

In reaching their view on the preparation of the financial statements on a going concern basis, the Directors are required to consider whether the Company and Group 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 Covid-19 pandemic present increased risks for all businesses. The principal driver of the financial performance of the Group is debts factored which, due to an overall reduction in UK economic activity and the availability of government funding schemes for the SME sector as a result of Covid-19, have been negatively impacted. In an economic downturn the group is also exposed to higher levels of bad debt risk that may impact the level of cash recoverable from customers.

The Group is funded through wholesale borrowings (principally securitisation facilities) and cash reserves, which at 31 December 2019 stood at £867m and £59m respectively. The securitisations are available throughout the next 12 months and although they contain various financial covenants to ensure availability of funding for new business, the securitised nature of the facilities is such that in the event of a covenant breach they can enter into amortisation but not be withdrawn immediately.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

In response to such conditions the Directors have carefully considered its principal risks and those arising from Covid-19 as well as the impact of the prior year restatement. This includes an assessment of any uncertainty on the viability of the Group's business model and the extent to which they may affect the preparation of the financial statements on a going concern basis. The Group is continually forecasting its financial performance under a range of scenarios assessing the impact on profitability, funding, liquidity, funding covenants and capital position. These scenarios and stress tests are based on both historical experience and, with reference to external guidance, recognising the different market and geographic territories in which the Group operates.

Management's base case assumes a recovery in the second half of 2020 but that overall debts factored volumes remain below prior year levels. Management's downside scenario takes into account a slower economic recovery extending well into 2021 with a more negative impact on debts factored volumes. Both scenarios include bad debt assumptions based on experience in previous recessions, which management believe to be reasonable given the Group's ability to manage this risk through underwriting criteria and a strong collection process.

Based on this assessment, the Directors consider that the Company and the Group both 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. Specifically, in a downside scenario where debts factored do not recover in line with management's base case, appropriate management actions are available to improve profitability and maintain compliance with covenants and these have been assessed by Management as being plausible and deliverable. Management also takes confidence from the healthy free cash position of the Group following the £33m cash received on disposal of the North American business subsequent to the year-end along with the Group's strong relationship with, and continued support from, its funders.

In addition, the Group's assets are assessed for recoverability on a regular basis and provision is made where appropriate. The Directors consider that the Group is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

Both scenarios modelled by management demonstrate the Group is expected to have significant liquidity available from cash in hand and from committed facilities and maintains headroom against financial covenants, and therefore, support the going concern assessment for the Group and Company.

Turnover

Turnover arises from asset based lending and financial services to clients, representing service charges, discount income and other charges.

Service and other income is measured at the fair value of consideration received or receivable and is recognised when services are delivered, when the amount of revenue can be reliably measured 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 (including trade debtors and finance lease receivables) is determined using the effective interest method. Effective interest when applied against a financial asset, is a method of calculating the amortised cost of a financial asset and allocating the 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 value.

Turnover in relation to foreign exchange services provided to customers is the net value of currencies bought and sold and net income from derivatives.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

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 profit and loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if the lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit and loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Taxation

Tax for the period comprises current tax and deferred tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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

Tax assets and liabilities are only offset where there is a legally enforceable right to offset and there is an intention to settle on a net basis.

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less any impairment.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Intangible fixed assets

Goodwill initially recognised at cost in line with the business combinations policy above and other intangible assets recognised at cost, are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line 5 years
Software and development	Straight line 5 - 10 years

Development costs have been recognised in accordance with FRS 102 Section 18 and are therefore not treated as a realised loss in measuring statutory distributable reserves. The Group recognises an intangible asset arising from development (or from the development phase of an internal project) if it can demonstrate all of the following:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.*
- b) Its intention to complete the intangible asset and use or sell it.*
- c) Its ability to use or sell the intangible asset.*
- d) How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.*
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.*
- f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.*

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. 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:

Asset class	Depreciation method and rate
Office equipment	Straight line between 3 and 7 years
Leasehold improvements	Straight line on lower of 10 years or lease period
Leased equipment	Straight line over lease period

Impairment of fixed assets

At each reporting date the Group reviews the carrying value of fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the recoverable amount of an asset is less than the carrying amount of the asset, an impairment loss is recognised immediately within profit or loss to reduce the carrying amount of the asset to its recoverable amount.

Financial instruments

The Company has considered and applied the provisions of FRS 102 Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full. The Company is also considered as a 'Financial Institution' and has applied the additional relevant provisions of Section 34 'Specialised Activities'.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

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 as well as complex derivative financial instruments.

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

(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. Financial assets and liabilities, classified as complex financial instruments are foreign currency derivatives. 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 of financial assets

The Group assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when the 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.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Derivative financial instruments

One of the Group's subsidiaries enters into a variety of derivative financial instruments for trading purposes acting as a broker in the provision of foreign exchange spot and forward contracts to its clients.

A smaller amount of derivative financial instruments are entered into by the Group to manage exposure to foreign exchange rate risk namely foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 23 to the Financial Statements.

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Fair value is estimated using valuation techniques which use market and non-market inputs to estimate the expected discounted cash flows. The valuation techniques use contracted pricing and forward market rates as determined by the issuer of the derivative. The resulting gain or loss arising on valuation is recognised in profit or loss.

Such derivatives are disclosed as Level 2 financial instruments in accordance with the below hierarchy of valuation techniques:

- Level 1: The unadjusted quoted price in active market for identical assets or liabilities that the Group can assess at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Within the United Kingdom, 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 on balance sheet.

Finance lease receivables

The Group recognises assets held under lessor finance leases as a financial asset, presenting them as receivables at an amount equal to the net investment in the lease. The net investment in a lease is the Group's gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment in the lease is the aggregate of (i) the minimum lease payments receivable under a finance lease, and (ii) any unguaranteed residual value accruing. The net investment in a lease also includes initial direct costs, which are incremental to the origination of the finance leases.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Trade debtors

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.

The Group raises some finance through securitisation of its debts, 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, the accounting policy for securitised trade debtors remains 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 within borrowings.

Trade creditors

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 using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and any amount due on redemption being recognised as a charge in profit or loss over the period of the relevant borrowing.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Retirement benefits

Certain Group companies are members of the Bibby Line Group Limited Defined Benefit Pension Scheme. The scheme was closed to new entrants from 1 April 2000 and closed to future accruals for existing members from 30 September 2011. The Group is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. As a result, the Group accounts for the scheme as if it were defined contribution.

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

Under all pension schemes accounted for as defined contribution the amounts that become payable during the financial year are recognised in profit or loss. Differences between contributions payable during the financial year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Prior year adjustment

As noted in the Strategic Report and Directors' Report a prior year adjustment has been recorded in these accounts following a BFS review into a number of areas across the balance sheet. The restatement arises from errors resulting in an overstatement of certain asset values and under-recognition of certain liabilities, in particular in relation to the capitalisation and classification of fixed (tangible and intangible) assets, and the deferral of operating costs recognised within debtors. The restatement resulted in an overstatement of the 2018 profit before tax by £11.4m.

The Board reviewed the accounting approach in a number of areas across BFS. The Board initially instructed PwC, as internal auditor, to support the review and to validate BFS' findings. As a result of this review, the Board then instructed a separate team from PwC to undertake a more detailed forensic review of the BFS Balance Sheet. The investigation concluded, and the Board agreed, that a restatement of the 2018 financial statements was required. The 2018 financial results have been restated in accordance with FRS 102 Section 10 - Accounting Policies, Estimations and Errors.

The Board also requested a comprehensive financial controls review, supported by PwC as our internal auditor, with a number of enhanced controls being implemented over the 2020 financial year. The implementation of these controls is being actively monitored by the Audit and Risk committee. Furthermore, there have been a number of personnel changes in the senior finance team.

This restatement has reduced the profit for the year ended 31 December 2018 from £15.3m to £6.1m. The impact of this restatement on a line item basis is set out in Note 26.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Critical accounting policies and the use of judgements and estimates

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 judgements and estimates that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements is *within the impairment of financial assets, the recognition and subsequent amortisation of intangible fixed assets, transaction costs relating to lease assets and accounting for cash suspense income.*

Assessment of the impairment of financial assets (judgement and estimate)

In considering indications of impairment of financial assets 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. Given the specialised nature of the company's activities and its application of FRS 102 Section 34, information about the credit quality of its financial assets is contained within the financial statements.

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

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

At the balance sheet date, non-performing trade debtors and finance lease receivables totalled £50.5m, against which impairment provisions totalled £26.6m. See Note 23 for further details. A 10% change in the expected level of collection from debtors in collect out at year end would result in an increase / decrease of £1.7m in the level of required provision. If the collect out process takes on average 6 months less or longer than the Group's assumption there would be a circa £0.1m decrease / increase in the level of provision required.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

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

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

Transaction costs relating to lease assets (judgement)

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

Cash suspense income (judgement)

The Group has established processes and controls for allocating cash receipts. On a relatively small number of occasions cash is received and cannot be allocated to specific client accounts. There is particular judgement required to be exercised in determining an appropriate time period after which this unallocated cash can be released to income profit and loss, which reflects the Group's contractual terms in terms of entitlement, and the timing of any related unpaid client or debtor balances being written off under our well-established collection processes. Management's judgement is that releasing to profit and loss after six months is appropriate. If the judgement was amended to twelve months the impact would be a £0.5m reduction in turnover (2018: £0.5m). In the current year, £1.0m (2018: £1.1m) of cash suspense income was recognised in turnover.

3 Turnover

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

	2019 £ 000	2018 £ 000
United Kingdom	111,900	106,618
Rest of Europe	42,975	42,446
North America	18,850	23,847
Asia Pacific	3,859	3,921
	<u>177,584</u>	<u>176,832</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Operating profit

Arrived at after charging to Cost of Sales within the Consolidated Profit and Loss Account:

	2019 £ 000	(As restated) 2018 £ 000
Amortisation of intangible fixed assets	9,911	4,490
Depreciation of tangible fixed assets	2,434	2,015
Impairment of financial assets	15,875	9,334
Operating lease payments recognised as an expense	<u>4,400</u>	<u>4,812</u>

5 Auditors' remuneration

	2019 £ 000	(As restated) 2018 £ 000
Audit of these financial statements	10	10
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>673</u>	<u>707</u>
	<u>683</u>	<u>717</u>
Other fees to auditor		
Tax compliance services	135	149
Other assurance services	<u>11</u>	<u>-</u>
	<u>146</u>	<u>149</u>

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £ 000	2018 £ 000
Remuneration	1,509	1,530
Contributions paid to defined contribution pension schemes	<u>38</u>	<u>40</u>
	<u>1,547</u>	<u>1,570</u>

During the year the number of directors who were receiving benefits was as follows:

	2019 No.	2018 No.
Accruing benefits under defined contribution pension schemes	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	2019 £ 000	2018 £ 000
Remuneration	<u>484</u>	<u>436</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2019 £ 000	(As restated) 2018 £ 000
Wages and salaries	67,366	68,499
Social security costs	9,870	8,585
Pension costs	2,078	2,140
	<u>79,314</u>	<u>79,224</u>

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

	2019 No.	2018 No.
United Kingdom	852	831
Rest of Europe	337	326
North America	116	143
Asia Pacific	24	24
	<u>1,329</u>	<u>1,324</u>

8 Other interest receivable and similar income

	2019 £ 000	2018 £ 000
Bank interest receivable	<u>337</u>	<u>685</u>

9 Interest payable and similar charges

	2019 £ 000	(As restated) 2018 £ 000
Interest on bank overdrafts and borrowings	31,271	31,906
Interest on obligations under finance leases and hire purchase contracts	<u>528</u>	<u>209</u>
	<u>31,799</u>	<u>32,115</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Taxation

Tax charged:

	2019 £ 000	(As restated) 2018 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	202	(1,151)
Foreign tax	2,410	2,216
Foreign tax adjustment to prior periods	46	958
	<u>2,456</u>	<u>3,174</u>
Total current income tax	<u>2,658</u>	<u>2,023</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(3,776)	(1,221)
Adjustments to prior period	(4,156)	(3,241)
Total deferred taxation	<u>(7,932)</u>	<u>(4,462)</u>
Tax (credit)/charge for the year	<u>(5,274)</u>	<u>(2,439)</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - lower than the standard rate of corporation tax in the UK) of 19% (2018 - 19%). The differences are reconciled below:

	2019 £ 000	(As restated) 2018 £ 000
(Loss)/profit before tax	<u>(11,311)</u>	<u>3,618</u>
Corporation tax at standard rate	(2,149)	687
Effect of expense not deductible in determining taxable profit	1,353	520
Tax decrease as a result of claims to United Kingdom group loss relief, in utilising losses of fellow subsidiaries of the ultimate parent undertaking	(1,719)	(957)
Tax decrease from the utilisation of foreign tax losses brought forward	(54)	(225)
Tax increase arising from higher rates of tax suffered on foreign territory earnings	848	377
Other tax effects for reconciliation between accounting profit and taxable profit	2,916	593
Decrease in tax from net adjustments for prior periods	<u>(6,469)</u>	<u>(3,434)</u>
Tax credit for the year	<u>(5,274)</u>	<u>(2,439)</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Factors that may affect future tax charges:

The Group is profit making in the United Kingdom and is currently utilising losses controlled by its ultimate parent undertaking to reduce its taxable income, as well as optimising tax depreciation strategy to absorb these losses. This is currently reflected in its lower tax charges and by revisions and reductions in prior year tax.

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%. If the amended tax rate had been used, the deferred tax asset would have been £1.44m higher.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Deferred tax

Group

Deferred tax assets and liabilities

2019	Asset £ 000
Differences between capital allowances and depreciation	4,045
Trading losses	8,335
Other timing differences	177
	<u>12,557</u>

2018	Asset £ 000
Differences between capital allowances and depreciation	1,006
Trading losses	1,847
Other timing differences	1,826
	<u>4,679</u>

Company

Deferred tax assets and liabilities

2019	Asset £ 000
Differences between capital allowances and depreciation	3,501
Trading losses	361
	<u>3,862</u>

2018	Asset £ 000
Differences between capital allowances and depreciation	690
Trading losses	798
	<u>1,488</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Investments

Company

	2019 £ 000	2018 £ 000
Investments in subsidiaries	<u>61,850</u>	<u>61,850</u>

A full list of subsidiary undertakings and companies included in the consolidation are reported in Note 27 to the *Financial Statements*.

12 Intangible fixed assets

Group

	Goodwill £ 000	Software and development £ 000	Total £ 000
Cost			
At 1 January 2019	18,455	57,237	75,692
Additions	-	10,734	10,734
Exchange differences	-	(106)	(106)
At 31 December 2019	<u>18,455</u>	<u>67,865</u>	<u>86,320</u>
Amortisation and impairment			
At 1 January 2019	18,455	15,264	33,719
Amortisation charge for the year	-	9,911	9,911
Exchange differences	-	(85)	(85)
At 31 December 2019	<u>18,455</u>	<u>25,090</u>	<u>43,545</u>
Carrying amount			
At 31 December 2019	<u>-</u>	<u>42,775</u>	<u>42,775</u>
At 31 December 2018 (As restated)	<u>-</u>	<u>41,973</u>	<u>41,973</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Company

	Software and development £ 000
Cost	
At 1 January 2019	54,395
Additions	<u>10,874</u>
At 31 December 2019	<u>65,269</u>
Amortisation	
At 1 January 2019	14,519
Amortisation charge	<u>9,163</u>
At 31 December 2019	<u>23,682</u>
Carrying amount	
At 31 December 2019	<u>41,587</u>
At 31 December 2018 (As restated)	<u>39,876</u>

The Company has two significant items of software recorded in both the individual and Consolidated Balance Sheet:

The first item carrying amount of as at the end of the financial year is £8,869,000 (2018 (restated): £9,776,000) and the remaining amortisation period is 5 years.

The second item carrying amount as at the end of the financial year is £8,003,000 (2018 (restated): £5,717,000) and the remaining amortisation period is 5 years.

Included within software in both the individual and Consolidated Balance sheet are assets with a net book value of £8,003,000 (2018 (restated): £5,717,000) that are held on finance leases.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Tangible fixed assets

Group

	Office equipment £ 000	Leasehold improvements £ 000	Total £ 000
Cost			
At 1 January 2019	16,163	8,711	24,874
Additions	885	1,549	2,434
Disposals	(422)	-	(422)
Foreign exchange movements	(159)	(57)	(216)
At 31 December 2019	<u>16,467</u>	<u>10,203</u>	<u>26,670</u>
Depreciation			
At 1 January 2019	10,038	3,165	13,203
Charge for the year	1,459	975	2,434
Eliminated on disposal	(168)	-	(168)
Foreign exchange movements	(107)	(41)	(148)
At 31 December 2019	<u>11,222</u>	<u>4,099</u>	<u>15,321</u>
Carrying amount			
At 31 December 2019	<u>5,245</u>	<u>6,104</u>	<u>11,349</u>
At 31 December 2018 (As restated)	<u>6,125</u>	<u>5,546</u>	<u>11,671</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Company

	Office equipment £ 000	Leasehold improvements £ 000	Total £ 000
Cost			
At 1 January 2019	8,163	5,651	13,814
Additions	<u>640</u>	<u>946</u>	<u>1,586</u>
At 31 December 2019	<u>8,803</u>	<u>6,597</u>	<u>15,400</u>
Depreciation			
At 1 January 2019	2,571	811	3,382
Charge for the year	<u>1,218</u>	<u>584</u>	<u>1,802</u>
At 31 December 2019	<u>3,789</u>	<u>1,395</u>	<u>5,184</u>
Carrying amount			
At 31 December 2019	<u>5,014</u>	<u>5,202</u>	<u>10,216</u>
At 31 December 2018 (As restated)	<u>5,592</u>	<u>4,840</u>	<u>10,432</u>

Included within office equipment in both the individual and Consolidated Balance sheet are assets with a net book value of £548,000 (2018 (restated): £35,000) that are held on finance leases.

14 Cash and cash equivalents

	Group		Company	
	2019 £ 000	2018 £ 000	2019 £ 000	2018 £ 000
Cash at bank	<u>62,151</u>	<u>56,939</u>	<u>5,727</u>	<u>2,317</u>
Bank balances	62,151	56,939	5,727	2,317
Bank overdrafts recorded within creditors	<u>(3,303)</u>	<u>(4,842)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>58,848</u>	<u>52,097</u>	<u>5,727</u>	<u>2,317</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

15 Debtors

		Group		Company	
		(As restated)		(As restated)	
	Note	2019	2018	2019	2018
		£ 000	£ 000	£ 000	£ 000
Trade debtors		981,381	1,020,551	-	-
Finance lease receivables		63,467	69,286	-	-
Derivative financial instruments held at fair value	23	1,740	632	-	-
Amounts owed by ultimate parent undertakings or controlled group undertakings		12,490	8,490	12,490	4,820
Prepayments		13,631	15,134	840	1,708
Other debtors		16,970	13,968	873	524
Deferred tax assets	10	12,557	4,679	3,862	1,488
Total current trade and other debtors		<u>1,102,236</u>	<u>1,132,740</u>	<u>18,065</u>	<u>8,540</u>

		Group	
		(As restated)	
	Note	2019	2018
		£ 000	£ 000
Assigned debts receivable		1,382,964	1,452,744
Impairment provision	23	(26,042)	(27,570)
Less deferred assignment consideration owed to factoring clients where there is a full right of recourse		<u>(375,541)</u>	<u>(404,623)</u>
Total trade debtors		<u>981,381</u>	<u>1,020,551</u>

		Group	
		(As restated)	
	Note	2019	2018
		£ 000	£ 000
Gross finance receivables		64,022	69,455
Impairment provision	23	<u>(555)</u>	<u>(169)</u>
Total finance lease receivables		<u>63,467</u>	<u>69,286</u>

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

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

16 Creditors

	Note	Group (As restated)		Company (As restated)	
		2019 £ 000	2018 £ 000	2019 £ 000	2018 £ 000
Due within one year					
Loans and borrowings	23	107,387	100,257	5,473	1,635
Derivative financial instruments held at fair value	23	1,133	437	-	-
Amounts due to group undertakings		-	-	30,063	34,552
Trade creditors		160,661	135,678	452	279
Social security and other taxes		4,894	4,153	2,327	1,719
Corporation tax		2,502	2,351	-	-
Accrued expenses		<u>18,706</u>	<u>17,647</u>	<u>1,763</u>	<u>3,996</u>
		<u>295,283</u>	<u>260,523</u>	<u>40,078</u>	<u>42,181</u>
Due after one year					
Loans and borrowings	23	<u>759,847</u>	<u>801,029</u>	<u>7,653</u>	<u>6,564</u>

17 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>62,600</u>	<u>62,600</u>	<u>62,600</u>	<u>62,600</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

18 Dividends

	2019 £ 000	2018 £ 000
Dividends paid to corporate shareholder based on prior year financial performance	<u>10,000</u>	<u>18,801</u>

19 Obligations under operating leases

Group

Operating leases

The total of future minimum lease payments is as follows:

	2019 £ 000	2018 £ 000
Not later than one year	4,978	4,460
Later than one year and not later than five years	10,837	11,587
Later than five years	<u>3,198</u>	<u>4,037</u>
	<u>19,013</u>	<u>20,084</u>

Company

Operating leases

The total of future minimum lease payments is as follows:

	2019 £ 000	2018 £ 000
Not later than one year	1,070	607
Later than one year and not later than five years	2,287	2,281
Later than five years	<u>1,488</u>	<u>2,547</u>
	<u>4,845</u>	<u>5,435</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

20 Pension and other schemes

Defined benefit pension schemes

Bibby Line Group Limited Defined Benefit Pension Scheme

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

A Scheme deficit of £4,767,000 (2018: £3,215,000) is noted in the financial statements of the principal employer, Bibby Line Group Limited. In being unable to identify its share of the underlying assets and liabilities of the scheme, the Company accounts for scheme as if it were defined contribution, however 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 publicly or privately administered defined contribution pension plans and amounts £2,078,000 (2018: £2,140,000).

21 Financial guarantee contracts

Group

The Group has provided £476,000 (2018: £1,895,000) of unpresented letters of credit to client suppliers and government agencies. These guarantees have been issued by banks on behalf of relevant Group companies.

Company

The Company guarantees all of the financing facilities of its subsidiaries as listed in Note 27 to the financial statement through fixed and floating charges over its assets, apart from UK Securitisation where alternatively the performance of clients is guaranteed.

22 Related party transactions

Group

Transactions with directors

During the year the company purchased services amounting to £6,700 (2018 - £5,200) from Corser Street Consulting Limited a company in which Mr D Postings has a controlling interest. These services were purchased on an arms length basis. There were no amounts outstanding to or from the company at the year end (2018 - £0). As of June 2019, the Group has ceased purchasing services from Corser Street Consulting Limited.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

23 Financial instruments

Group

Financial instrument objectives and policies are reported in the Strategic Report on page 7 of the Annual Report. The following table summarises the financial instruments of the Group included in the Consolidated Balance Sheet:

Categorisation of financial instruments

	2019 £ 000	(As restated) 2018 £ 000
Financial assets that are basic debt instruments, including trade debtors and finance lease receivables that are measured at amortised cost or net investment, less any impairment provision	1,044,848	1,089,837
Other financial assets including other debtors and cash and cash equivalents, that are measured at amortised cost	91,611	79,397
Financial assets that are derivative instruments used within foreign exchange trading businesses and not for direct Group hedging purposes, measured at fair value through turnover of that business	1,740	632
	<u>1,138,199</u>	<u>1,169,866</u>
Financial liabilities that are basic financial instruments and external financial debt liabilities including overdrafts, funding notes and loans and borrowings, measured on an amortised cost basis	858,222	895,989
Financial liabilities that are external finance lease and hire purchase agreements, secured on underlying plant, equipment and intangible assets recorded in fixed assets	9,012	5,297
Other financial liabilities, including trade and other payables that are measured on an amortised cost basis	184,261	157,478
Financial liabilities that are derivative instruments used within foreign exchange trading businesses and not for direct Group hedging purposes measured at fair value through turnover of that business	1,133	437
	<u>1,052,628</u>	<u>1,059,201</u>

Credit quality of financial assets that are basic financial instruments

The objective of credit risk management is to enable the Group to achieve appropriate risk versus reward performance whilst maintaining credit risk exposure in line with approved appetite for the risk that customers will be unable to meet their obligations to the Group.

For assets that are basic financial instruments and are debt receivables for invoice financing, the Group lends to clients against approved invoices that are legally assigned to it and that therefore act as security for lending. For leasing operations security is held over the assets financed by the lease.

The following tables provides an analysis of the credit quality of third party financial assets based on the performing/impaired status of the asset, and an analysis of the movements in the financial asset impairment provision:

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

	Group	(As restated)
	2019	2018
	£ 000	£ 000
Performing	1,020,904	1,050,404
Non-performing	50,541	67,172
Impairment provision	<u>(26,597)</u>	<u>(27,739)</u>
Total financial assets that are trade debtors and finance lease receivables and measured at amortised cost	<u>1,044,848</u>	<u>1,089,837</u>

	Group	(As restated)
	2019	2018
	£ 000	£ 000
Provision for impairment of financial assets, being trade debtors and finance lease receivables, at 1 January	27,739	26,547
New provisions charged to profit and loss	15,875	9,334
Financial assets written off	(16,001)	(8,298)
Recoveries on previous financial assets written off	(1,062)	111
Exchange differences	<u>46</u>	<u>45</u>
Provision for impairment of financial assets, being trade debtors and finance lease receivables, at 31 December	<u>26,597</u>	<u>27,739</u>

Credit quality of derivative financial instruments

	2019	2018
	£ 000	£ 000
Derivative contracts with a positive fair value recorded within debtors		
Derivatives bought from BBB rated financial currency vendors	1,123	294
Derivatives sold to counterparties without published external credit rating	<u>617</u>	<u>338</u>
	<u>1,740</u>	<u>632</u>
Derivative contracts with a negative fair value recorded within creditors due within 1 year		
Derivatives bought from BBB rated financial currency vendors	(949)	(268)
Derivatives sold to counterparties without published external credit rating	<u>(184)</u>	<u>(169)</u>
	<u>(1,133)</u>	<u>(437)</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Loans and borrowings analysis

The following table provides details of financial liabilities that are basic financial instruments and originate from loan and borrowing facilities:

	Group (As restated)	
	2019 £ 000	2018 £ 000
UK securitised senior variable fund notes, secured by primary charge on trade receivables and floating charges over assets of certain subsidiaries. Facility carries variable interest above interbank rates	410,052	407,548
UK junior notes, secured by secondary charge on trade receivables and floating charges over assets of certain subsidiaries. Facility carries variable interest above interbank rates	105,000	105,000
Other UK overdraft, block discounting and revolving credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facility carry variable interest above interbank rates	57,993	62,762
Various European overdraft and back-to-back credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facilities carry variable interest above interbank rates	229,283	230,852
North American overdraft and credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facility carries variable interest above interbank rates	36,820	71,073
Various Asia Pacific credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facilities carry variable interest above interbank rates	14,961	15,993
Various asset amortising loans of the Company, secured on equipment recorded within tangible fixed assets and software recorded in intangible fixed assets	4,113	2,761
Finance leases of the Company, secured on equipment recorded within tangible fixed assets and software recorded in intangible fixed assets	9,012	5,297
	867,234	901,286

Maturity of financial liabilities

The following table analyses financial liabilities into relevant maturity groupings based on the remaining period at the date of the Consolidated Balance Sheet, on an undiscounted basis:

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

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Exchange rate sensitivity on the translation of accounting records of overseas subsidiaries

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

24 Parent and ultimate parent undertaking

The company's immediate parent is Bibby Line Group Limited, incorporated in United Kingdom.

These financial statements are available upon request from 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom.

The ultimate controlling party is Bibby Line Group Limited.

25 Non adjusting events after the financial period

Post year end BFS disposed of its North American business. The sale of the subsidiary group called Bibby Financial Services (Holdings), Inc was completed on 29 February 2020. The net asset value of the investment at date of disposal was £25m and the loss on disposal is estimated at around £2m including transaction costs.

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

For the year ended 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities at the year end. Due to the uncertainty of the outcome of the current events, BFS cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future. Notwithstanding this, the Group's business model has performed well over many economic cycles and our good capital and funding position will allow us to respond well to the challenges and opportunities that may arise. The Directors will continue to monitor the impact of the Covid-19 pandemic on the activities of the Group.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

26 Prior year adjustment

Group

In 2019, information came to light following organisational changes within the finance function and internal reviews in the year which indicated the material misstatement of a number of accounting balances within the Group financial statements.

The Board reviewed the accounting approach in a number of areas across BFS. The Board initially instructed PwC, as internal auditor, to support the review and to validate BFS' findings. As a result of this review, the Board then instructed a separate team from PwC to undertake a more detailed forensic review of the BFS Balance Sheet. The investigation concluded, and the Board agreed, that a restatement of the 2018 financial statements was required. The 2018 financial results have been restated in accordance with FRS 102 Section 10 - Accounting Policies, Estimations and Errors.

The Board also requested a comprehensive financial controls review, supported by PwC as our internal auditor, with a number of enhanced controls being implemented over the 2020 financial year. The implementation of these controls is being actively monitored by the Audit and Risk committee. Furthermore, there have been a number of personnel changes in the senior finance team.

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

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

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

Profit and loss account	As previously reported £ 000	Restatement £ 000	Restated £ 000
Cost of sales	(131,205)	(10,579)	(141,784)
Interest payable and similar charges	(31,339)	(776)	(32,115)
Profit before tax	14,973	(11,355)	3,618
Taxation	282	2,157	2,439
Profit for the year	15,255	(9,198)	6,057

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Balance sheet	As previously reported £ 000	Restatement £ 000	Restated £ 000
Intangible assets	40,893	1,080	41,973
Tangible assets	15,305	(3,634)	11,671
Debtors	1,150,142	(17,402)	1,132,740
Creditors: Amounts falling due within 1 year	(257,947)	(2,576)	(260,523)
Creditors: Amounts falling due after more than one year	(814,363)	13,334	(801,029)
Net assets	190,969	(9,198)	181,771

Company

The impact of the prior year adjustments on the Company's Balance Sheet are shown below.

Line items affected by the restatement are as follows:

	As previously reported £ 000	Restatement £ 000	Restated £ 000
Intangible assets	38,796	1,080	39,876
Tangible assets	14,066	(3,634)	10,432
Debtors	9,560	(1,020)	8,540
Creditors: Amounts falling due within 1 year	(40,282)	(1,899)	(42,181)
Net assets	79,743	(5,473)	74,270
Loss for the year	(5,752)	(5,473)	(11,225)

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

27 List of subsidiary undertakings

Group

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 listed below.

* indicates direct investment of the company.

** indicates UK subsidiary taking exemption from audit under section 479A of the Companies Act 2006 for the year ending 31 December 2019.

*** indicates North America investments sold post year end.

Undertaking	Country of incorporation	Holding	Voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Bibby Debt Finance Limited*	England**	Ordinary	100%	100%
Bibby Finance 2 Limited*	England**	Ordinary	100%	100%
Bibby FS (Holdings) Limited*	England**	Ordinary	100%	100%
Bibby Financial Services (UK) Limited	England	Ordinary	100%	100%
Bibby Asset Finance Limited	England**	Ordinary	100%	100%
Bibby Leasing Limited	England	Ordinary	100%	100%
Bibby Corporate Financial Solutions Limited	England	Ordinary	100%	100%
Bibby Trade Services Limited	England	Ordinary	100%	100%
Bibby Financial Services (FX) Limited	England	Ordinary	100%	100%
Bibby Foreign Exchange Limited	England	Ordinary	100%	100%
Coverly Limited (formerly Bibby Financial Services (INS) Limited)*	England	Ordinary	100%	100%
Bibby Invoice Finance UK Limited	England	Ordinary	100%	100%
Bibby ACF Limited	England**	Ordinary	100%	100%
Bibby Factors Bedford Limited	England**	Ordinary	100%	100%
Bibby Factors Borehamwood Limited	England**	Ordinary	100%	100%
Bibby Factors Bristol Limited	England**	Ordinary	100%	100%
Bibby Factors Leicester Limited	England**	Ordinary	100%	100%
Bibby Factors Limited	England**	Ordinary	100%	100%
Bibby Factors Manchester Limited	England**	Ordinary	100%	100%

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

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 Wessex Limited	England**	Ordinary	100%	100%
Bibby Factors Yorkshire Limited	England**	Ordinary	100%	100%
Bibby Factors International Limited	England**	Ordinary	100%	100%
Bibby Trade Factors Limited	England**	Ordinary	100%	100%
Bibby Invoice Discounting Limited	England**	Ordinary	100%	100%
Bibby Revolving Finance Limited	England**	Ordinary	100%	100%
Bibby Transactional Finance Limited	England**	Ordinary	100%	100%
Bibby Management Services Limited	England**	Ordinary	100%	100%
Factoring UK Group Limited	England**	Ordinary	100%	100%
Cashflow UK Limited	England**	Ordinary	100%	100%
Bibby Financial Services (Europe) Limited	England	Ordinary	100%	100%
Bibby Factors France S.A.	France	Ordinary	100%	100%
Bibby Financial Services (Ireland) Limited	Ireland	Ordinary	100%	100%
Bibby Financial Services GmbH	Germany	Ordinary	100%	100%
Bibby Financial Services B.V.	Netherlands	Ordinary	100%	100%
Bibby Financial Services A.B.	Sweden	Ordinary	100%	100%
Bibby Financial Services Sp. z.o.o.	Poland	Ordinary	100%	100%
Bibby Financial Services, a.s.	Czech Republic	Ordinary	100%	100%
Bibby Factoring Slovakia, a.s.	Slovakia	Ordinary	100%	100%
Bibby Financial Services (Holdings), Inc.	USA***	Ordinary	100%	100%
Bibby Financial Services (CA), Inc.	USA***	Ordinary	100%	100%
Bibby Financial Services (Midwest), Inc.	USA***	Ordinary	100%	100%
Bibby International Trade Finance, Inc.	USA***	Ordinary	100%	100%
Bibby Financial Services (Canada) Inc.	Canada***	Ordinary	100%	100%
Bibby Transportation Finance, Inc.	USA***	Ordinary	100%	100%
Bibby Financial Services (Singapore) Pte Limited	Singapore	Ordinary	100%	100%
Bibby Financial Services (India) Pvt Limited	India	Ordinary	75%	75%
Bibby Factoring Services (Malaysia) Sdn Bhd	Malaysia	Ordinary	100%	100%
Bibby Financial Services (Asia) Limited	Hong Kong	Ordinary	100%	100%

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

Principal activities and details of registered offices

The principal activity of Bibby Debt Finance Limited is asset financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 06740659.

The principal activity of Bibby Finance 2 Limited is asset financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 05837447.

The principal activity of Bibby FS (Holdings) Limited is investment holding and management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 03143108.

The principal activity of Bibby Financial Services (UK) Limited is investment holding and management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09341390.

The principal activity of Bibby Asset Finance Limited is investment holding and management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04044911.

The principal activity of Bibby Leasing Limited is asset financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 00588708.

The principal activity of Bibby Corporate Financial Solutions Limited is inventory finance and debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 10530810.

The principal activity of Bibby Trade Services Limited is trade financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 03530463.

The principal activity of Bibby Financial Services (FX) Limited is investment holding and management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09343375.

The principal activity of Bibby Foreign Exchange Limited is foreign exchange services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09353026.

The principal activity of Coverly Limited (formerly Bibby Financial Services (INS) Limited) is insurance agency and brokering. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 11283983.

The principal activity of Bibby Invoice Finance UK Limited is investment holding, management and financing services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09351311.

The principal activity of Bibby ACF Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 02885198.

The principal activity of Bibby Factors Bedford Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04290368.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

The principal activity of Bibby Factors Borehamwood Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 00388715.

The principal activity of Bibby Factors Bristol Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 03171249.

The principal activity of Bibby Factors Leicester Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 02989348.

The principal activity of Bibby Factors Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 00584342.

The principal activity of Bibby Factors Manchester Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04296744.

The principal activity of Bibby Factors Northeast Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 03653980.

The principal activity of Bibby Factors Northwest Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 00557149.

The principal activity of Bibby Factors Scotland Limited is debt factoring. The address of its registered office is 1st Floor, Unit 2, Block B, Kittle Yards, Causewayside, Edinburgh, EH9 1PJ, Scotland. The company registration number is SC199049.

The principal activity of Bibby Factors Slough Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 02617760.

The principal activity of Bibby Factors Sussex Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 03847904.

The principal activity of Bibby Factors Wessex Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04918703.

The principal activity of Bibby Factors Yorkshire Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04918173.

The principal activity of Bibby Factors International Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04081220.

The principal activity of Bibby Trade Factors Limited is trade financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 05303859.

The principal activity of Bibby Invoice Discounting Limited is confidential debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04105467.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

The principal activity of Bibby Revolving Finance Limited is trade financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 07693461.

The principal activity of Bibby Transactional Finance Limited is transactional financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 07693401.

The principal activity of Bibby Management Services Limited is management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04917962.

The principal activity of Factoring UK Group Limited is brokerage. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 05245631.

The principal activity of Cashflow UK Limited is brokerage. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04010670.

The principal activity of Bibby Financial Services (Europe) Limited is investment holding and management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09519213.

The principal activity of Bibby Factors France S.A. is debt factoring. The address of its registered office is Open 6, 158 avenue Thiers, CS 70033, Lyon Cedex 06, 69454, France.

The principal activity of Bibby Financial Services (Ireland) Limited is debt factoring. The address of its registered office is 4th Floor Heather House, Heather Road, Sandyford, Dublin 18, Ireland.

The principal activity of Bibby Financial Services GmbH is debt factoring. The address of its registered office is Germany Hansaallee 249, 40549 Düsseldorf, Germany.

The principal activity of Bibby Financial Services B.V. is debt factoring. The address of its registered office is Laan Van Diepenvoorde 5, 5582 LA, Waalre, Netherlands.

The principal activity of Bibby Financial Services A.B. is debt factoring. The address of its registered office is c/o Bibby Financial Services Limited, 4rd Floor, Walker House, Exchange Flags, Liverpool L2 3YL, UK.

The principal activity of Bibby Financial Services Sp. z o.o. is debt factoring. The address of its registered office is Poland Eurocentrum , Al. Jerozolimskie 134, 02-305 Warsaw, Poland.

The principal activity of Bibby Financial Services, a.s. is debt factoring. The address of its registered office is Hlinky 118, Brno, 603 00, Czech Republic.

The principal activity of Bibby Factoring Slovakia, a.s. is debt factoring. The address of its registered office is Prievozská 4D, Block E, 13th Floor, Bratislava 821 09, Slovak Republic.

The principal activity of Bibby Financial Services (Holdings), Inc. is debt factoring. The address of its registered office is Corporation Services Company, 2711 Centerville Road #400, Wilmington Delaware 19805 USA.

The principal activity of Bibby Financial Services (CA), Inc. is debt factoring. The address of its registered office is Corporation Service Company dba CSC-Lawyers Incorporating Service, 2710 Gateway Oaks Drive, Suite 150, Sacramento, California 95833 USA.

The principal activity of Bibby Financial Services (Midwest), Inc. is debt factoring. The address of its registered office is Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield, Illinois 62730 USA.

The principal activity of Bibby International Trade Finance, Inc. is trade finance. The address of its registered office is Corporation Service Company, 1201 Hays Street, Tallahassee, Florida 32301 USA.

The principal activity of Bibby Financial Services (Canada) Inc. is debt factoring. The address of its registered office is Blake Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Toronto, Ontario M5L 1A9 Canada.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

The principal activity of Bibby Transportation Finance, Inc. is trade finance. The address of its registered office is Corporation Service Company dba CSC-Lawyers Incorporating Service Company, 701 Brazos Street, Suite 1050, Austin, Texas 78701 USA.

The principal activity of Bibby Financial Services (Singapore) Pte Limited is debt factoring. The address of its registered office is 6, Shenton Way, #18-08A, Oue Downtown, 068809, Singapore.

The principal activity of Bibby Financial Services (India) Pvt Limited is debt factoring. The address of its registered office is 121, First Floor, Sector 44, Gurgaon, Haryana, 122003, India.

The principal activity of Bibby Factoring Services (Malaysia) Sdn Bhd is debt factoring. The address of its registered office is Suite 7E, Level 7, Menara Ansar, 65 Jalan Trus 80000 Johor Bahru, Johor, Malaysia.

The principal activity of Bibby Financial Services (Asia) Limited is debt factoring. The address of its registered office is Unit 2302, 23/F Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong.

Details of undertakings where the Company has controlling influence through the power to govern financial and operating policies

The Company has controlling influence over Bibby Funding 1 Limited, a limited company incorporated in Jersey. The address of its registered office is 44 Esplanade, St Helier, Jersey, JE4 9WG. It is a wholly owned subsidiary of Bibby Funding 1 Charitable Trust (BO), whose trustee is Intertrust Offshore Limited.

Bibby Funding 1 Limited acts as the issuing party within the Company's UK securitisation arrangement, facilitating the financing of certain Group companies in their selling and master selling of invoice receivables. In using those instruments as security, the issuing party borrows funds from third party investors, by issuing variable funding notes to those investors.

Details of dormant undertakings incorporated in England

Bibby Finance 1 Limited. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 05837446.

BFS Corporate Financial Solutions Limited. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 05368550.

Bibby Foreign Exchange (Solutions) Limited. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09353072.

Global Management Services Limited. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04331246.