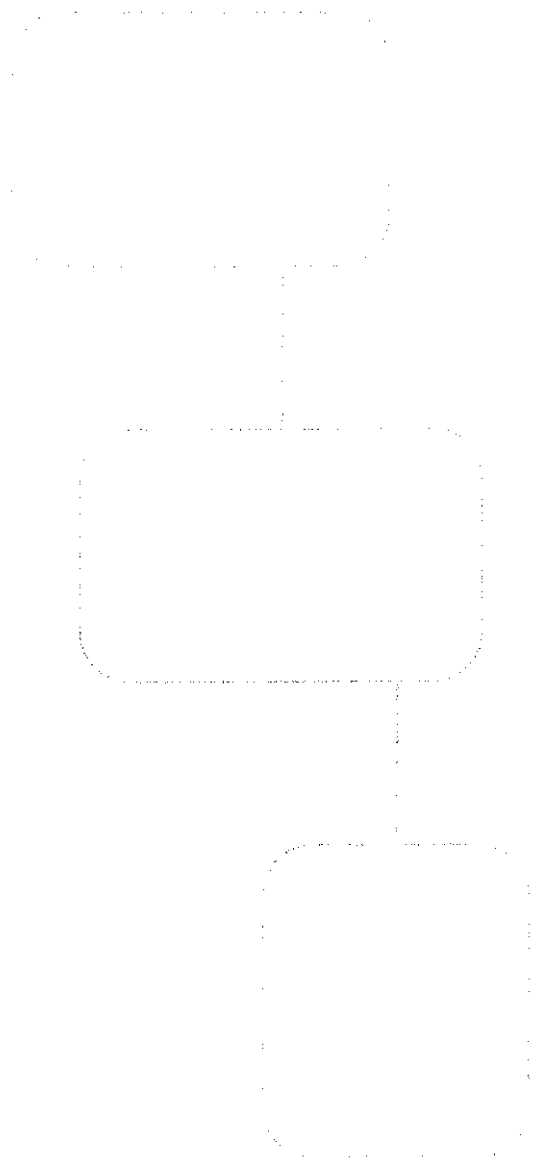


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SIGNED

Annual Review 2005



BIBBY
FINANCIAL SERVICES



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Bibby Financial Services Limited

Ultimate Parent Undertaking

Bibby Line Group Limited

Directors

Sir Michael Bibby, Bt. *Chairman*
David Albert Robertson *Chief Executive*
Mark John Cleaver
Ian Downing
Jonathan Haymer
Trevor Rex Patching
Mark Timothy Hartigan

Secretary

Bibby Bros. & Co. (Management) Limited

Registered Office

105 Duke Street
Liverpool
L1 5JQ
Incorporated in England and Wales
Registered Number 3530461

Auditors

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

Chief Executive's Statement

David Robertson *Chief Executive*

Bibby Financial Services is a dynamic group of companies whose vision is to deliver global financial solutions to business. We are wholly owned by the Bibby Line Group who have diversified interests in, marine, contract logistics as well as financial services.

For the Financial Services Group, 2005 was an excellent year. We put behind us the challenging environment of 2004 and the restructure of the business and we adopted wholeheartedly our new vision and strategy. The commitment, enthusiasm and outstanding efforts made by every employee within the division helped us achieve a tremendous profit before tax of £13.7m. An increase of 43% year on year.

Parts of our business experienced tremendous growth whilst our core UK factoring business came under pressure as a result of market forces. Our investment continued to focus on developing our overseas markets and in broadening our portfolio of products to meet the demands of our markets and clients.

Our results represent a number of successes within the business. Firstly, our investment in developing our overseas presence in recent years is now proving its worth. The momentum that has been built and which is now picking up its pace is exciting. 2005 saw the Bibby Group venture into France, albeit via a subsidiary owned directly by our parent company Bibby Line Group Limited, and increase our presence in the USA.

Significant strides have also been made in the UK. Our invoice discounting business made a significant contribution to the division.

Special mention should also be made of our UK factoring business. Following a challenging time in 2004 and the early part of 2005, the team stood firm and continued to focus on what we do best – providing our clients with a market leading service. A service, which we are absolutely delighted to have once again received recognition for in the form of the "Best Factor & Discounter 2005" award from the Commercial Finance industry – testimony to the resilience and determination of our people to be the best. And of this we should be proud.

That aside, our UK business continues to battle against slow growth and aggressive competition from banks and independents alike. Here our investment in new products is helping us carve out niches and areas of differentiation, which are helping us stand above our competitors. The launch of Recruitment Finance and Confidential Factoring are two products, which will underpin our future performance.

We were also delighted to secure the acquisition of Leeds Leasing Limited, a leader in sales aid leasing. This business complements our existing asset finance business and between them we now have a strong and credible proposition to take to the market.

Our experience has shown us how valuable a good communications strategy is when you need to engage your employees and focus their minds on what needs to be achieved. We have built on our experience and 2005 saw a concerted effort to improve our communications with all employees. The implementation of group wide team briefs, employee road-shows and business conferences to name a few has resulted in an engaged team who know where we want to get to, why, what part they play and how we are progressing on that journey. The feedback shows we are getting it right.

2005 also saw our future funding strategy put in place. A substantial funding package was secured which will aid our growth objectives and allow us to seek out acquisition opportunities in pursuit of our vision.

We will continue to drive our new strategy in 2006 and remain confident that it will deliver value to clients, employees and shareholders alike. Our programme for long-term growth will be delivered through persistent effort, sound investment and the dedication of our team.

To conclude, our 2005 results are testimony to the commitment, enthusiasm and passion displayed by all of our employees in wanting to make Bibby Financial Services a leader in our field. Without their efforts these results would not have been possible and for that I thank the whole team. Their continued dedication and drive instills me with confidence that 2006 will be a better year still!

2005 Business Review

Mark Cleaver *Director*

Overview

Following a difficult time at the end of 2004, which saw the UK business restructure in order to move forward we found ourselves the target of an aggressive marketplace in the early part of 2005. However, we had a clear strategy, stuck to it and the inspiring performances achieved within the UK is a credit to the team.

Our overseas businesses picked up their momentum in 2005 with some really outstanding performances. We also saw a hive of activity from our new product development team in our efforts to stand above our competitors.

UK Market

The UK invoice finance market remained challenging in parts. Invoice Discounting continues to drive the growth with our core market, that of factoring, showing small levels of growth with an increase of 1% in debts factored and 5% increase in client numbers. However, there were some real areas where growth rates remained healthy. International Factoring led the invoice finance field with an impressive rate of year on year growth – an 18% increase in client numbers – it now represents 4% of the whole market. Invoice Discounting also maintained a healthy level of client number growth at 9%.

Voted Best Factor/Invoice Discounter 2005 by the Business Finance National Association of Commercial Finance Brokers.

For our UK invoice finance business, 2005 was about consolidating our position and regaining momentum following our restructure. We had to fight hard to combat the after effect of that restructure and an aggressive market attack. This resulted in higher levels of client loss, which has impacted on the year's performance. However, we

maintained our position on debts factored and grew our client base by 2%. Our crowded marketplace remained highly competitive with margins remaining under constant pressure. However, a strong sales and marketing performance delivered an impressive uplift in new business enquiries and we are delighted that the second part of the year has shown a positive upward trend in new business deals and an easing in the volume of client losses. This trend is expected to continue in 2006.

Product Development

2005 saw a concerted effort on new product development to help us create a point of difference over our competitors and to give us an edge in an aggressive landscape.

The year was certainly a busy one for our new product development team with several new products launched. The first, Confidential Factoring gives us a point of differentiation from many of our competitors who offer factoring. With a large element of the marketplace demanding confidentiality only to find that they are not suitable for confidential invoice discounting, this product is the answer to our clients' needs. In order to take advantage of our early competitive edge we have positioned Confidential Factoring as our lead product. We have trained our sales team to sell this product and our operating teams to manage the risk.

We have also identified two valuable sectors – Recruitment and Construction – and developed targeted propositions to businesses operating in these sectors. With a focussed sales and marketing strategy we expect both these products to perform well in 2006.

We continue to add to our portfolio of Business Support Services with the addition of BACS payments and HR consultancy to the fold.

The investments we have made in recent years in new products made an exceptional contribution in 2005, the detail of which is shown below.

Our Invoice Discounting division turned in a very strong performance with debts factored up by 56%, which resulted in an impressive increase in profit before tax. Our International Factoring business grew its volume of new business by more than 30% and debts factored were up 15%.

2005 was a year of steady growth for our Trade Finance division with an increase of 14% in the value of transactions.

Our Asset Finance division saw continued improvement in its market niche. The acquisition of Leeds Leasing Limited in October will serve to complement our existing asset finance offering. By combining Leeds Leasing's experience in sales and leasing and small leasing deals with Bibby Asset Finance's commercial asset solution, we now have a more robust proposition for the market.

Members of the new Leeds Leasing Limited team.

Our range of business support services which allow businesses to outsource non-core tasks such as payroll, VAT & PAYE calculation and payment, production of management accounts and health and safety checks was slow off the ground in 2005. For 2006, we have developed a new sales and marketing strategy to drive this suite of products not only to the existing clients but also to the business market.

Our aim moving into 2006, is to focus on the portfolio we have developed in order to maximise the opportunities and their success.

Overseas Market Development

Our overseas development continued apace in 2005.

Disappointed by the lack of attractive acquisition opportunities in the USA, we turned our efforts towards the development of greenfield sites (setting up a new operation in Dallas), and growing our existing operations in Florida, California and Chicago. Overall our US businesses had a successful year in terms of debts factored and profit before tax, and we expect to continue to move forward in 2006.

Both our Australia and Poland subsidiaries had successful years in 2005, developing their client bases and increasing their debts factored, which had a favourable impact on their bottom line results.

2005 saw the launch of Bibby Factor France with its base in Lyon and a satellite office in Paris to cover this important financial centre. However, for regulatory reasons the investment in Bibby Factor France is held directly by Bibby Line Group Limited, our parent company.

With our UK operation back in full swing, our overseas operations gaining momentum and a suite of new products launched and rolling out, we feel particularly confident that as we run into 2006 it will be a challenging but fruitful year.

2005 Financial Highlights

Ian Downing *Finance Director*

Financial Highlights	2005	2004	
Debts Factored	£2,799m	£2,783m	+0.6%
Turnover	£66.8m	£65.9m	+1.4%
UK Restructuring Costs	£-m	£2.2m	-
Profit Before Tax	£13.7m	£9.6m	+42.7%

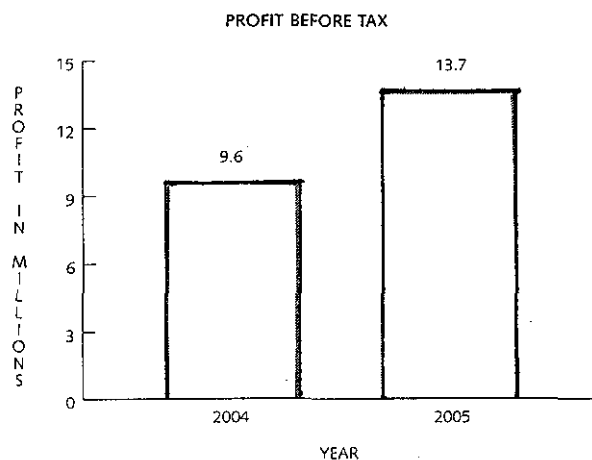
The actions taken in 2004 have borne results in our profit in 2005. The UK factoring market has matured, as shown by the modest growth in debts factored. With the maturing of the market, competition has increased which has put pressure on margins and turnover. The most pleasing aspect of our re-organisation was the growth in profit before tax, where the removal of fixed cost had a direct benefit on our profit before tax, increasing 42.7% on the previous year.

We are now concentrating on expanding overseas, and in the first quarter of 2006 have advanced plans to open in two new overseas locations. This is in line with the strategy outlined by the Chief Executive in the 2004 Financial Statements. Overseas growth will help drive the group's future profitability, while increasing productivity and a focus on niche products will grow the UK margins, along with new products to differentiate us from our competitors.

The growth in pre-tax profit demonstrated that we are making steady progress towards our vision of achieving a profit of £50 million by 2014. There will undoubtedly be many challenges ahead, but we have started taking steps in the right direction.

We refinanced our UK businesses in 2005 and have the continued support of our funders for our future plans. The acquisition of Leeds Leasing Limited has strengthened our portfolio of UK products, and we continue to seek investment opportunities within the UK, as well as overseas.

2006 will again be a challenging year, but we should take more steps to achieving our stated vision.



2005 Directors' Report

Activities

The principal activity of the company is to own and manage the companies of Bibby Line Group Limited that are involved in factoring, invoice discounting, trade finance and asset finance.

Trading Result

The result of the Group for the year is set out in the Group Profit and Loss Account.

Development of the Business

The Company will seek investment opportunities and an increase in existing Group undertakings' business with a view to implementing its policy of expansion.

Dividend

The Directors recommend a final dividend of 5.79p per share for the year to 31 December 2005 (2004 - 3.98p).

Employment Policies

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

It is the Group's policy to promote the understanding and involvement of all employees in its business aims and performance. The policy of the Group is to give 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.

Directors

The names of the persons who were Directors of the Company during the year were:

Michael James Bibby - Chairman
David Albert Robertson - Chief Executive
Mark John Cleaver
Ian Downing
Jonathan Haymer
Trevor Rex Patching
Mark Timothy Hartigan - appointed 19 November 2005

The only interests of the directors in shares of Bibby Line Group Limited companies were in shares of Bibby Line Group Limited.

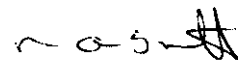
The interests of M. J. Bibby, D. A. Robertson and J. Haymer in the shares of Bibby Line Group Limited are disclosed in the Directors' Report of that company.

Charitable and Political Donations

During the year the Group donated £7,372 to charities and made no political donations.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.



By Order of the Board

Bibby Bros. & Co. (Management) Limited
Secretary

31 March 2006

Statement of directors' Responsibilities in respect of the Directors' Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and the parent company financial statements in accordance with UK Accounting Standards.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

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

Independent Auditor's report to the Members of Bibby Financial Services Limited

We have audited the group and parent company financial statements (the "financial statements") of Bibby Financial Services Limited for the year ended 31 December 2005 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2005 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
Chartered Accountants
Registered Auditor

31 March 2006

Group Profit and Loss Account
year ended 31 December 2005

	Note	2005 £000	2004 £000 (as restated)
Turnover	3	66,823	65,871
Operating Costs - Ordinary Activities		(43,548)	(44,992)
Operating Costs - UK Restructuring Costs		-	(2,197)
		<u>(43,548)</u>	<u>(47,189)</u>
Operating Profit		23,275	18,682
Interest Receivable		2	20
Interest Payable and Similar Charges	4	<u>(9,592)</u>	<u>(9,089)</u>
Profit on Ordinary Activities Before Taxation	5	13,685	9,613
Taxation	6	<u>(4,284)</u>	<u>(3,157)</u>
Profit for the Financial Year		9,401	6,456
Dividend Paid	7	<u>(2,152)</u>	<u>(2,741)</u>
Amount Transferred to Reserves	17	<u>7,249</u>	<u>3,715</u>

The Parent Company has not presented its own profit and loss account as permitted by Schedule 4, section 230, of the Companies Act 1985. The Parent Company made a profit for the financial year of £2,187,000 (2004 - £2,427,000 as restated)

Turnover and profit on ordinary activities all derive from continuing activities which are unchanged from the previous year.

There is no difference between the profit stated above, and its historical cost equivalent.

Statement of Total Group Recognised Gains and Losses
year ended 31 December 2005

	Note	2005 £000	2004 £000
Profit for the Financial Year		9,401	6,456
Currency Translation Difference on Foreign Currency Net Investment	17	<u>548</u>	<u>(131)</u>
Total Recognised Gains and Losses Relating to the Year		<u>9,949</u>	<u>6,325</u>

The notes on pages 10 to 19 form part of these financial statements.

Balance Sheets as at 31 December 2005

	Note	Parent Company		Group	
		2005 £000	2004 £000 (as restated)	2005 £000	2004 £000 (as restated)
Fixed Assets:					
Intangible Assets	8	-	-	2,083	3,111
Tangible Assets	9	-	-	1,378	1,379
Investments	10	60,800	56,300	-	-
		<u>60,800</u>	<u>56,300</u>	<u>3,461</u>	<u>4,490</u>
Current Assets:					
Debtors	11	12,305	3,315	481,217	435,448
Cash at Bank and in Hand	12	258	83	3,272	3,921
		<u>12,563</u>	<u>3,398</u>	<u>484,489</u>	<u>439,369</u>
Creditors (Amounts Falling Due Within One Year)	13	(13,846)	(216)	(233,711)	(239,946)
Net Current (Liabilities) Assets		<u>(1,283)</u>	<u>3,182</u>	<u>250,778</u>	<u>199,423</u>
Total Assets Less Current Liabilities		<u>59,517</u>	<u>59,482</u>	<u>254,239</u>	<u>203,913</u>
Creditors (Amounts Falling Due After More Than One year)	13	-	-	193,681	151,053
Provisions for Liabilities and Charges	14	-	-	123	222
		<u>-</u>	<u>-</u>	<u>193,804</u>	<u>151,275</u>
Capital and Other Reserves:					
Called-Up Share Capital	16	54,100	54,100	54,100	54,100
Profit and Loss Account	17	5,417	5,382	6,335	(1,462)
Equity Shareholders' Funds	18	<u>59,517</u>	<u>59,482</u>	<u>60,435</u>	<u>52,638</u>
		<u>59,517</u>	<u>59,482</u>	<u>254,239</u>	<u>203,913</u>

Approved by the Board on 31 March 2006



D. A. ROBERTSON
Director

Group Cash Flow Statement
year ended 31 December 2005

	Note	2005 £000	2004 £000
Net Cash (Outflow)/Inflow from Operating Activities	20	(1,739)	19,371
Returns on Investments and Servicing of Finance:			
Interest Received	2	20	
Interest Paid		(9,543)	(9,128)
		(9,541)	(9,108)
Taxation:			
Taxation - Group Relief Purchased		(397)	(3,111)
UK Tax Paid		(3,280)	(1,325)
UK Tax Refunded		-	1,350
Foreign Tax Paid		(528)	(21)
		(4,205)	(3,107)
Capital Expenditure and Financial Investment:			
Purchase of Tangible Fixed Assets		(755)	(458)
Acquisitions and Disposals:			
Purchase of subsidiary		(3,825)	-
Purchase of the Net Assets of a Business		-	(4,161)
Deferred Consideration Paid		(1,389)	-
		(5,214)	(4,161)
Equity Dividends Paid		(2,152)	(2,741)
Cash Outflow Before Financing		(23,606)	(204)
Financing:			
New Loans		181,227	32,167
Repayments of Amounts Borrowed		(158,346)	(33,796)
	21,22	22,881	(1,629)
Decrease in Cash	21,22	(725)	(1,833)

The notes on pages 10 to 19 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

Accounting Basis

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Consolidation

The consolidated profit and loss account and balance sheet include the financial statements of Bibby Financial Services Limited and all its subsidiary undertakings. All subsidiary undertakings prepare their financial statements to 31 December and their results are included in the group profit and loss account in full, except where a subsidiary undertaking has been acquired during the year in which case its results are included from the date of acquisition and accounted for by the acquisition method of accounting.

Income Recognition

Administration fees are recognised in the profit and loss account at the time the debts are factored and transactions financed. Other fees are normally recognised in the profit and loss account at the time the charge is made. However, where fees are charged in respect of non-performing debt, the proportion credited to the profit and loss account is limited to the amount by which total recoveries exceeds the advance outstanding. Income is recognised on leasing and hire purchase agreements on an actuarial before tax basis.

Bad Debts

Debts are written off when there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their expected realisable values. General provisions are made for losses not specifically identified, based on past experience, knowledge of the Group's exposure and other relevant factors. The charge for the year for bad debts is included in operating costs.

Fixed Assets

Fixed assets are included at cost less accumulated depreciation.

Depreciation is provided to write-off the assets over their useful life on a straight line basis as follows:-

Office Equipment	-	Over three to five years
Leasehold Improvements	-	The lower of ten years or the remaining life of the lease
Motor vehicles	-	five years

Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not

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

Operating Leases

Operating lease rentals are charged to the profit and loss account as incurred.

Pension Costs

Bibby Financial Services Limited is a member of the Bibby Line Group Limited Pension Scheme but is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis therefore, as required by FRS 17 'Retirement Benefits', Bibby Financial Services Limited continues to account for the scheme as if it were defined contribution. As a result, the amount charged to the profit account represents the contributions payable to the Scheme in respect of the accounting period. Differences between the amounts charged in the profit and loss account and payments made to the pension scheme are treated as assets or liabilities. The disclosure required by FRS 17 have been incorporated in note 27.

Payments to defined contribution schemes are charged as incurred.

Foreign Currencies

A number of subsidiary undertakings prepare their financial statements in foreign currencies. The net assets of these companies are converted into sterling at the rate of exchange ruling at the balance sheet date and the resulting net differences are taken directly to reserves. All other exchange rate differences are taken to the profit and loss account as they arise.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the net assets acquired, and is eliminated by amortisation through the profit and loss account over its useful economic life. The directors consider each acquisition individually and amortise the goodwill accordingly. Rates currently vary between 4 and 10 years.

Related Party Transactions

Under Financial Reporting Standard 8, the Group is exempt from disclosing related party transactions with group companies as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

Government Grants

Government grants are treated as deferred income and credited to the profit and loss accounts by instalments over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Investments

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

2. Changes in Accounting Policies

During the year under review, several new Accounting Standards have been introduced as UK Generally Accepted Accounting Principles converge with International Accounting Standards. One item which affects the preparation of these financial statements is:-

FRS21 - Events after the Balance Sheet Date

This standard requires that when a company declares a dividend to its equity shareholders after the Balance Sheet date, then the company will not recognise that dividend as a liability at the Balance Sheet date. Accordingly, the final dividend for 2005, which is proposed to be declared in May 2006, is not recognised in these financial statements.

This has increased the reserves of the Group, as previously reported at 1 January 2005, by £2,152,000 and increased the reserves of Bibby Financial Services Limited at 1 January 2005 by £52,000. Commensurate changes in debtors and creditors have been made to restate these balances.

3. Turnover

Of the turnover, £63,333,000 (2004 - £63,349,000) consists of factoring income. £52,216,000 (2004 - £56,316,000) of this income was derived from the UK and £11,117,000 (2004 - £7,033,000) from outside the UK. The remainder of turnover derived from trade and asset finance, of which all but £115,000 (2004 - £86,000) was earned in the UK. Gross debts factored and transactions financed during the year were £2,799m (2004 - £2,783m).

4. Interest Payable and Similar Charges

	2005 £000	2004 £000
On Bank Loans and Overdrafts	<u>9,592</u>	<u>9,089</u>

5. Profit on Ordinary Activities Before Taxation

is stated after charging/(crediting) the following amounts:-

	2005 £000	2004 £000
Staff Costs:		
Wages and Salaries	17,543	18,222
Social Security Costs	1,455	1,597
Pension Costs	713	738
Depreciation	814	998
Amortisation of Goodwill	1,015	1,060
Amortisation of Government Grant	(3)	(3)
Hire of Plant and Equipment	714	655
Rental of Property	1,461	1,454
Auditors' Remuneration for:		
Audit (Company £1,000; 2004 - £1,000)	261	146
Other Services	<u>38</u>	<u>-</u>

6. Taxation

	2005 £000	2004 £000
Corporation Tax Payable	4,051	2,601
Foreign Tax Charge	528	191
Previous Year Adjustment for Foreign Corporate and Withholding Taxes	31	-
Payment for Group Relief	-	397
Current Tax Charge for the Year	<u>4,610</u>	<u>3,189</u>
Deferred Tax Credit (See Note 15)	<u>(326)</u>	<u>(32)</u>
	<u>4,284</u>	<u>3,157</u>

6. Taxation (continued)

The current tax charge, excluding deferred tax, is higher (2004 - higher) than the anticipated charge. The anticipated charge is based on the average rate of tax (weighted in proportion to accounting profit) across the Group.

	2005 £000	2004 £000
Profit on Ordinary Activities Before Taxation	13,685	9,613
Profit on Ordinary Activities Multiplied by the Weighted Average Rate of Tax of 30% (2004 - 30%)	4,106	2,884
Group Relief not Paid For	-	(43)
Capital Allowances (in excess of) / less than Depreciation	(187)	421
Other Timing Differences	514	(389)
Expenses not Deductible for Tax Purposes	159	164
Adjustment in Respect of Previous Periods	(31)	-
Non Utilisation of Foreign Tax Losses	(21)	107
Higher Rates of Tax on Foreign Earnings	70	45
Current Tax Charge for the Year	<u>4,610</u>	<u>3,189</u>

7. Dividend Paid

	2005 £000	2004 £000 (as restated)
On Ordinary £1 Shares:		
Dividend of 3.98p Per Share (2004 - 5.07p)	<u>2,152</u>	<u>2,741</u>

8. Intangible Assets

The company has no intangible assets. Details of those relating to the Group are as follows:

	£000
Goodwill	
Cost	
At 1 January 2005	4,561
Part Refund of Goodwill Purchased	(41)
Exchange Difference	43
At 31 December 2005	<u>4,563</u>
Accumulated Amortisation	
At 1 January 2005	1,450
Charge for the Year	1,015
Exchange Difference	15
At 31 December 2005	<u>2,480</u>
Net Book Amount at 31 December 2005	<u>2,083</u>
Net Book Amount at 31 December 2004	<u>3,111</u>

9. Tangible Assets

The company has no tangible assets. Details of those relating to the Group are as follows.

	Motor Vehicles £000	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost				
At 1 January 2005	-	439	3,796	4,235
Additions	88	-	692	780
Re-allocation	72	24	(96)	-
Exchange Difference	5	-	57	62
Disposals	-	(16)	(256)	(272)
At 31 December 2005	<u>165</u>	<u>447</u>	<u>4,193</u>	<u>4,805</u>
Accumulated Depreciation				
At 1 January 2005	-	201	2,655	2,856
Charge for the Year	31	66	717	814
Re-allocation	24	6	(30)	-
Exchange Difference	2	-	22	24
Disposals	-	(16)	(251)	(267)
At 31 December 2005	<u>57</u>	<u>257</u>	<u>3,113</u>	<u>3,427</u>
Net Book Amount at 31 December 2005	<u>108</u>	<u>190</u>	<u>1,080</u>	<u>1,378</u>
Net Book Amount at 31 December 2004	<u>-</u>	<u>238</u>	<u>1,141</u>	<u>1,379</u>

10. Investments

The investments of the Group are held by the Company and three sub-holding companies and are detailed below. All these investments relate to subsidiary undertakings and as such they are eliminated on consolidation.

	2005 £000	2004 £000
Investment in Subsidiary Undertakings	<u>60,800</u>	<u>56,300</u>
Shares in Wholly Owned Group Undertakings:-		
Bibby Group of Factors Limited	53,350	53,350
Bibby Trade Services Limited	2,700	2,000
Bibby Asset Finance Limited	4,750	950
Bibby Management Services Limited	-	-
	<u>60,800</u>	<u>56,300</u>

Bibby Group of Factors Limited holds the following investments:-

- Bibby Factors Bedford Limited
- Bibby Factors Borehamwood Limited
- Bibby Factors Bristol Limited
- Bibby Factors International Limited
- Bibby Factors Leicester Limited
- Bibby Factors Limited
- Bibby Factors Manchester Limited
- Bibby Factors Polska Sp. z o.o. (operates in Poland)
- Bibby Factors Northeast Limited
- Bibby Factors Northwest Limited
- Bibby Factors Scotland Limited
- Bibby Factors Slough Limited
- Bibby Factors Sussex Limited
- Bibby Factors Yorkshire Limited
- Bibby Factors Wessex Limited
- Bibby Trade Factors Limited

10. Investments (continued)

Bibby Financial Services Australia Pty Limited (operates in Australia)
 Bibby Invoice Discounting Limited
 Bibby Financial Services (Holdings) Inc. (operates in the USA) which has the following investments:-
 Bibby Financial Services (CA) Inc. (operates in the USA)
 Bibby Financial Services Inc. (operates in the USA)
 Bibby Financial Services (Midwest) Inc. (operates in the USA)
 Bibby Financial Services (Southwest) Inc. (operates in the USA)
 Bibby Purchase Order Finance Inc. (operates in the USA)

Bibby Trade Services Limited holds the following investments:-

Bibby Connexions SAS (operates in France)

Bibby Asset Finance Limited holds the following investments:-

Leeds Leasing Limited

All the Group companies are registered in England and Wales, except for those which operate overseas which are registered in those countries and Bibby Factors Scotland Limited which is registered in Scotland. Bibby Group of Factors Limited and its subsidiaries operate in debt factoring, Bibby Trade Services Limited and Bibby Connexions SAS as transactional financiers and Bibby Asset Finance Limited and its subsidiary as capital asset financiers.

11. Debtors

	Parent Company		Group	
	2005	2004	2005	2004
	£000	£000	£000	£000
	(as restated)		(as restated)	
Net Investment in Finance Leases	-	-	23,238	4,323
Trade Debtors	464	-	448,287	428,083
Prepayments and Accrued Income	1	1	3,282	2,236
Other Debtors	-	8	138	65
Amount Owed by Ultimate Parent Undertaking	2,827	-	2,827	-
Amount Owed by Other Group Undertakings	9,013	3,306	10	-
Deferred Taxation (See Note 15)	-	-	3,435	741
	<u>12,305</u>	<u>3,315</u>	<u>481,217</u>	<u>435,448</u>

Included in net investment in finance leases is £14,873,000 (2004 - £1,552,000) which is due after more than one year.

12. Cash at Bank and in Hand

In December 2002, the Company, together with its subsidiary undertakings, became party to a composite accounting structure agreement with one of its bankers. This agreement treats all the bank accounts included in the agreement as one account; as a result, positive and negative cash balances included in the agreement are shown net in the consolidated balance sheet.

13. Creditors

	Parent Company		Group	
	2005 £000	2004 £000 (as restated)	2005 £000	2004 £000 (as restated)
Amounts Falling Due Within One Year				
Trade Creditors	3	-	205,687	203,537
Amount Owed to Ultimate Parent Undertaking	-	-	4,000	397
Bank Loans and Overdrafts	-	-	8,404	26,000
Amounts Owed to Other Group Undertakings	13,536	-	5,863	191
Accruals and Deferred Income	267	76	6,399	7,027
Other Taxation and Social Security	-	-	1,089	1,334
Corporation Tax	40	140	2,266	1,457
Government Grant	-	-	3	3
	<u>13,846</u>	<u>216</u>	<u>233,711</u>	<u>239,946</u>
Amounts Falling Due After More Than One Year				
Bank Loans and Overdrafts	-	-	193,675	151,044
Government Grant	-	-	6	9
	<u>-</u>	<u>-</u>	<u>193,681</u>	<u>151,053</u>

Bank loans and overdrafts are repayable as follows:

	Parent Company		Group	
	2005 £000	2004 £000	2005 £000	2004 £000
Within One Year	-	-	8,404	26,000
Between One and Two Years	-	-	14,593	52,434
Between Two and Five Years	-	-	<u>179,082</u>	<u>98,610</u>
	<u>-</u>	<u>-</u>	<u>202,079</u>	<u>177,044</u>

The bank loans and overdrafts are part of bank facilities which are secured by a fixed and floating charge over the assets of the Company and its subsidiary undertakings with, however, the stipulation that in respect of the book debts the amount recoverable under this security is limited to the amount actually prepaid under client agreements.

14. Provisions for Liabilities and Charges

	Vacant Properties £000
Group:	
At 1 January 2005	222
Profit and Loss Account	(99)
At 31 December 2005	<u>123</u>

The vacant property provision is expected to be utilised between 2006 and 2008.

15. Deferred Taxation Asset

	Parent Company £000	Group £000
As at 1 January 2005	-	741
Profit and Loss Account - Credit (See Note 6)	-	326
On Acquisition of Subsidiary	-	2,348
Exchange Difference	-	20
As at 31 December 2005	<u>-</u>	<u>3,435</u>

15. Deferred Taxation Asset (continued)

The amounts of deferred taxation recognised at rates between 19% and 38% (2004 - 30% - 38%) by the Group are as follows:

	2005 £000	2004 £000
Accelerated Depreciation	1,889	544
Other Timing Differences	<u>1,546</u>	<u>197</u>
	<u>3,435</u>	<u>741</u>

16. Called-Up Share Capital

	2005 £000	2004 £000
Allotted and Fully Paid: Ordinary £1 Shares	<u>54,100</u>	<u>54,100</u>
Authorised: Ordinary £1 Shares	<u>60,000</u>	<u>60,000</u>

17. Reserves

	Profit and Loss Account £000 (as restated)
Company:	
At 1 January 2005 as Previously Reported	5,330
Prior year adjustment (See Note 2)	<u>52</u>
At 1 January 2005 as Restated	5,382
Amount Transferred to Reserves for the Year	<u>35</u>
At 31 December 2005	<u>5,417</u>
Group:	
At 1 January 2005 as Previously Reported	(3,614)
Prior year adjustment (See Note 2)	<u>2,152</u>
At 1 January 2005 as Restated	(1,462)
Amount Transferred to Reserves for the Year	<u>7,249</u>
Exchange Difference Arising on Consolidation	<u>548</u>
At 31 December 2005	<u>6,335</u>

18. Movement in Equity Shareholders' Funds

	Parent Company		Group	
	2005 £000	2004 £000 (as restated)	2005 £000	2004 £000 (as restated)
Profit for the Year	2,187	2,427	9,401	6,456
Dividends	<u>(2,152)</u>	<u>(2,741)</u>	<u>(2,152)</u>	<u>(2,741)</u>
	35	(314)	7,249	3,715
Currency Translation Differences on Foreign Currency Net Investment	-	-	548	(131)
Net Addition to Equity Shareholders' Funds	35	(314)	7,797	3,584
Opening Equity Shareholders' Funds	<u>59,482</u>	<u>59,796</u>	<u>52,638</u>	<u>49,054</u>
Closing Equity Shareholders' Funds	<u>59,517</u>	<u>59,482</u>	<u>60,435</u>	<u>52,638</u>

19. Acquisitions

On 31 October 2005 the company acquired Leeds Leasing Limited. The fair value of the book and fair value assets and liabilities acquired are set out below:-

	Book Value £000	Fair Value £000
Fixed Assets	121	25
Debtors	21,546	20,346
Deferred Tax Asset	1,732	2,348
Creditors Due Within One Year	(10,808)	(11,569)
Creditors Falling Due After More Than One Year	<u>(7,325)</u>	<u>(7,325)</u>
	<u>5,266</u>	<u>3,825</u>
Expenses		<u>(125)</u>
		<u>3,700</u>
Satisfied by:		
Cash		<u>3,700</u>

The fair value adjustment to fixed assets and deferred tax is to align accounting policies, the adjustment to debtors is to align bad debt recognition and creditors have been adjusted to recognise onerous contracts. From the date of acquisition to the year-end Leeds Leasing Limited has made a profit before tax of £150,000 on a turnover of £579,000.

20. Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	2005 £000	2004 £000
Operating Profit	23,275	18,682
Depreciation	814	998
Amortisation of Goodwill	1,015	1,060
Amortisation of Government Grant	(3)	(3)
Loss on disposal of Fixed Assets	5	102
(Increase)/Decrease in Debtors	(18,499)	4,635
Decrease in Creditors	<u>(8,346)</u>	<u>(6,103)</u>
Net Cash (Outflow)/Inflow from Operating Activities	<u>(1,739)</u>	<u>19,371</u>

21. Reconciliation of Movement in Net Debt

	2005 £000	2004 £000
Decrease in Cash in the Year	(725)	(1,833)
(Increase)/Decrease in Loans	<u>(22,881)</u>	<u>1,629</u>
Change in Net Debt from Cash Flows	<u>(23,606)</u>	<u>(204)</u>
Exchange Movements	<u>(2,078)</u>	<u>376</u>
Movement in Net Debt in the Year	(25,684)	172
Net Debt at 1 January	<u>(173,123)</u>	<u>(173,295)</u>
Net Debt at 31 December	<u>(198,807)</u>	<u>(173,123)</u>

22. Analysis of Net Debt

	1 January 2005 £000	Cash Flow £000	Exchange Differences £000	31 December 2005 £000
Cash at Bank and in Hand	3,921	(725)	76	3,272
Debt Due Within 1 year	(26,000)	17,750	(154)	(8,404)
Debt Due After 1 year	(151,044)	<u>(40,631)</u>	<u>(2,000)</u>	<u>(193,675)</u>
		<u>(22,881)</u>		
	<u>(173,123)</u>	<u>(23,606)</u>	<u>(2,078)</u>	<u>(198,807)</u>

23. Directors' Emoluments

	2005 £000	2004 £000
The total emoluments were:		
Emoluments	648	632
Pension Contributions	<u>41</u>	<u>54</u>
	<u>689</u>	<u>686</u>

The emoluments, excluding pension contributions, of the Chairman were £nil (2004 - £nil) and of the highest paid Director were £399,000 (2004 - £243,000).

Contributions of £25,000 (2004 - £38,000) were made in respect of two (2004 - three) of the Group's Directors to a defined benefit pension scheme (see note 27). In addition, contributions of £16,000 (2004 - £15,000) were made in respect of one (2004 - one) of the Directors to a money purchase pension scheme. The pension contributions of the highest paid Director to a money purchase scheme for the year were £16,000 (2004 - £16,000).

24. Capital Commitments

As at 31 December 2005, the Group had no capital commitments (2004 - nil).

25. Contingent Liabilities

The contingent liabilities relate to Group companies providing client suppliers and government agencies with guarantees of payment or with a letter of credit issued by UK banks.

	2005 £000	2004 £000
Group Guarantees	280	280
Unpresented Letters of Credit	<u>1,393</u>	<u>1,001</u>
	<u>1,673</u>	<u>1,281</u>

26. Particulars of Employees

	2005	Group 2004
The Average Number of Persons Employed During the Year was	<u>601</u>	<u>619</u>

27. Pension Costs

The Group participates in the Bibby Line Group Pension Scheme (the "Scheme"), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000. The latest full actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 6 April 2005 using the projected unit method and showed the Scheme to be 74% funded. Further actuarial information is given in the accounts of Bibby Line Group Limited. The contributions made by the Group over the financial year to this Scheme have been £356,000 (2004 - £497,000), equivalent to 14.5% (2004 - 14.5%) of pensionable pay.

27. Pension Costs (continued)

Since 1 April 2000, the Group has participated in the Bibby Line Group Money Purchase Pension Plan (the "Plan"), which is a defined contribution scheme for new employees. The contributions made by the Group over the financial year to the Plan have been £249,000 (2004 - £203,000).

The Group has also made contributions of £108,000 (2004 - £21,000) to private money purchase pension schemes.

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £nil (2004 - £nil).

FRS17 Disclosures

As noted above and under accounting policies (see note 1) the Group participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £11,304,000 (2004 - £11,335,000) is noted. Further information can be found in the financial statements of the ultimate parent company.

28. Operating Lease Commitments

	Parent Company		Group	
	2005	2004	2005	2004
	£000	£000	£000	£000
Annual Commitments Under Operating Leases Which Expire:				
Within One Year				
Vehicles and Equipment	-	-	111	201
Land and Buildings	-	-	82	74
Within Two to Five Years				
Vehicles and Equipment	7	5	477	378
Land and Buildings	-	-	1,443	1,093
	<u>7</u>	<u>5</u>	<u>2,113</u>	<u>1,746</u>

29. Post Balance Sheet events

The following material events occurred after the balance sheet date, but prior to the approval of the accounts:-
On the 24th February 2006 the company purchased the entire share capital of Factoring UK Group Limited, for £1.6 million.

30. Parent Undertaking

The Company is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate parent company, a company registered in England. Bibby Line Group Limited is the parent undertaking of the largest and smallest group which consolidates these financial statements and of which the Company is a member.

Copies of the parent undertaking's financial statements may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ (www.bibbygroup.co.uk).

Space For Reader's Notes