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Annual Review 2007

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COMPANIES HOUSE

A global network of local companies

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Ultimate Parent Undertaking

Bibby Line Group Limited

Directors

Sir Michael Bibby, Bt *Chairman*
David Albert Robertson *Chief Executive*
Jonathan Haymer
Mark John Cleaver
Mark Timothy Hartigan
Gregory Wayne Charlwood
Edward John Rimmer
Stewart Brian Chesters

Secretary

Bibby Bros & Co (Management) Ltd

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 comprises a dynamic group of international companies with a shared vision to deliver flexible finance solutions to businesses across the globe. We are wholly owned by the Bibby Line Group, a 200 year-old business to business services group involved in ship owning and operation, shallow water accommodation, offshore oil field services, contract logistics, financial services, memorial parks, employment law and health and safety advisory services, and retail.

During 2007, the Financial Services Group enjoyed another strong performance with the focus on finely tuning our portfolio to consolidate the success of 2006 and to grow and strengthen the business further. As well as focussing on our existing proposition, 2007 saw the acquisition of further players in the market, including Cash Reform in the Czech and Slovak Republics and the assets and trade of Account Funding, Inc and Comresco, LLC in the USA.

In tune with market conditions and the diverse business environments within which we operate, we also undertook a significant restructure in early 2007 by creating a Global Board with representatives from each of the main operating regions. This has enabled each global entity to operate as an autonomous business unit, driving growth across the regions, while still contributing to the overall success of the Group.

Through this consolidation, restructure and investment in growing our presence in India and across Europe through the inspired work of every single employee in the Group we still managed to yield a healthy profit before tax of £16.5 million. Profitability would have been even higher had the Group not made an exceptional exchange loss of £1.4 million on its Japanese yen low interest funding arrangement, which represented a partial reversal of the exceptional exchange gain of £2.7 million made on the same funding arrangement in 2006.

Despite the banks looking to maintain their stronghold in the market, and the threat to the economy from the sub prime mortgage crash at the end of 2007, our business remains strong. Not only did 2007 see us factor £3.62 billion of debt - a promising 9.0% increase on 2006 figures - the new business pipeline also performed extremely well, resulting in a record performance of 1,124 deals taken on, breaking the 1,000 barrier for the first time.

To achieve this new business success, we continued to review and refine our solutions to meet the ever-changing market needs. Our bespoke solutions such as Construction, Recruitment and Body Shop finance continue to perform well, contributing to 34% of new business deals. Other parts of the business performing well included our Purchase Order Finance solution in the USA and our newly refined offering for the Polish market, with Central and Eastern Europe still presenting a significant growth opportunity.

In fact, as our international expansion continues to gather pace, one in three of our clients are now overseas, placing us in a premium position to take advantage of the global market within which we operate.

Looking ahead to 2008, our expansion into the Asia Pacific region will be a key focus, with our office in India, the second fastest growing economy in the world, already writing its first deals. We also plan to make significant in-roads in the German market, with the launch of our business in Dusseldorf. Furthermore, our presence in the UK will be bolstered in May when our London office launches, servicing a number of our clients based in the capital and increasing our overall footprint.

2007 has also been a year of building on our past achievements in developing synergy between employees across the globe. Recognising the contribution of all our employees at every level, in every office, we have further invested in enhancing communication between employees with the launch of our intranet site - "the Water-cooler". The intranet is already being used to share news and ideas across the Group and plays a key part in focussing our efforts to grow the business.

New intranet site - "the Watercooler"

A dynamic and exciting year for the Group, its clients and all of our employees, the profile of the Bibby Financial Services Group goes from strength to strength with research showing our name remains number one as the most recognised independent invoice financier and the fourth most recognised factor behind the major banks. Our clients echo the positive association with the Bibby Financial Services name, with ninety per cent satisfied with the high level of customer service which we provide.

Looking towards 2008, it is set to be a challenging year, with unpredictability in world financial markets requiring us to be particularly focussed, but I have every confidence that we have the pieces in place to meet these challenges head on and continue to grow, consolidating on the gains of 2006 and 2007.

Finally, I would like to thank all members of the Bibby Financial Services team for their contribution to the ongoing success of this Group. It is their energy, enthusiasm, commitment, passion and desire to succeed which will continue to drive the business to continued success in 2008 and beyond.

2007 Business Review & Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 December 2007

Business Review and Principal Activities

Bibby Financial Services Limited (the "Group") is a wholly owned subsidiary of Bibby Line Group Limited and acts as the holding company for Bibby Line Group's Financial Services division

The Group's principal activities continue to be factoring, invoice discounting, trade finance and asset finance operating in Europe, North America and Asia-Pacific. There have not been any significant changes in the Group's principal activities in the year under review. The Directors are not, at the date of this report, aware of any likely major changes in the Group's activities during 2008.

The team at Cash Reform, Czech Republic

In January 2007, the Group acquired Cash Reform a.s., a financial services company operating in the Czech and Slovak Republics. Also in January 2007 the Group set up Bibby Factors (India) Pvt Limited, which began operating as a debt factoring business in India in the first quarter of 2008. In early 2008 the Group set up Bibby Financial Services GmbH in Germany. The Group is still seeking further investment opportunities in existing and new business areas with a view to continuing its policy of expansion.

The team at Bibby Financial Services India

As shown in the profit and loss account, the Group's turnover has increased by 21.1% from £76.7 million in 2006 to £92.9 million and profit after tax has decreased by 8.2% from £13.0 million to £11.9 million. The major factor resulting in the decrease in profit after tax was the fact that the group incurred an exchange loss of

£1.4 million in 2007 compared with a profit of £2.7 million in 2006 on foreign currency funding. Return on Capital Employed, as measured by Profit After Tax divided by Opening Shareholder's Funds, is 17.1% (2006 – 21.5%, 2005 – 17.9%).

The balance sheet within these financial statements shows that the Group's financial position at the year end and the significant movement from the previous financial year is mainly attributable to the profit of £7.9 million retained by the Group.

The Group manages its operations on a regional and divisional basis, although within that structure each operating company has a large degree of autonomy. For this reason, the Group's directors believe that further key performance indicators for the Group are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the regions and the divisions of the Group are discussed in the Business Reviews and Directors' Reports of the companies making up those groupings.

Principal risks and uncertainties

Competitive pressure in international markets is a continuing risk for the Group. To manage this risk, the Group strives to provide customers with a high standard of service and to develop new products to satisfy their needs.

The Group offers facilities to its customers in a number of different currencies in the countries in which it operates and is therefore exposed to currency movements on the facilities provided in non-domestic currencies. This exposure is mitigated by ensuring that assets and liabilities in the same currencies are matched.

The Group is financed by a collection of floating rate bank loans, however as the majority of the facilities the Group provides to its customers carry rates of discount or interest that are also floating, the Group's exposure to interest rate fluctuations is largely mitigated.

The Group's principal activities involve taking a credit risk in respect of its clients. This risk is primarily managed by taking adequate security and by a series of internal controls, both manual and systems-based.

The Group strives to maintain the highest standards in corporate governance and bases its actions on the principles of openness, integrity and accountability. Audit and Remuneration committees exist within Bibby Line Group Limited, which cover the activities of the Group.

Environment

The Group recognises the importance of its environmental responsibilities and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Group's impact on the environment include recycling and reducing energy consumption.

Employees

It is the policy of the Group to ensure that all sections of the community have an equal opportunity in matters related to employment. The Group participates in a defined benefit scheme and a money purchase scheme operated by Bibby Line Group Limited. The Group also makes contributions to private money purchase schemes.

The Group is committed to the continuing development of effective employee communication and involvement, including regular publication of company magazines and e-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 considerations 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.

Dividends

An interim dividend of £4,084,000 (6.5 pence per share) was paid during the year (2006 - £2,924,000, 5.4 pence per share).

Directors

The directors who served during the year were:

Sir Michael Bibby, Bt – Chairman

David Albert Robertson – Chief Executive

Jonathan Haymer

Mark John Cleaver

Ian Downing – resigned 26 February 2007

Trevor Rex Patching – resigned 28 June 2007

Mark Timothy Hartigan

Edward John Rimmer – appointed 23 May 2007

Gregory Wayne Charlwood – appointed 1 February 2007

Stewart Brian Chesters was appointed to the Board on 1 January 2008.

Statement of Directors' Responsibilities

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 they have

electd to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 or loss for that period.

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

- select suitable accounting policies and then apply them consistently,
- make judgements 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.

Information Provided to Auditors

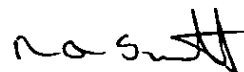
The directors confirm at the time when this report is approved:

- so far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and
- the directors have taken all steps that ought to have been taken as directors, including making appropriate enquiries of the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

Auditors

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

By order of the Board



Bibby Bros & Co (Management) Limited
18 March 2008

Independent Auditors' 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 2007 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Statement of Total Group 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 on page 3.

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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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

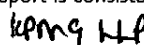
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 and of the group's profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.


KPMG LLP
Chartered Accountants
Registered Auditor

18 March 2008

Group Profit and Loss Account
 year ended 31 December 2007

	Note	2007 £000	2006 £000
Turnover	2	92,901	76,736
Operating Costs		<u>(59,887)</u>	<u>(48,739)</u>
Operating Profit		33,014	27,997
Interest Receivable	3	1,682	3,247
Interest Payable and Similar Charges	4	<u>(18,217)</u>	<u>(11,551)</u>
Profit on Ordinary Activities Before Taxation	2, 5	16,479	19,693
Taxation	6	<u>(4,543)</u>	<u>(6,687)</u>
Profit for the Financial Year		<u>11,936</u>	<u>13,006</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 £2,743,000 (2006 - £3,793,000)

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

Statement of Total Group Recognised Gains and Losses
 year ended 31 December 2007

	Note	2007 £000	2006 £000
Profit for the Financial Year		11,936	13,006
Currency Translation Difference on Foreign Currency Net Investment	17	<u>1,515</u>	<u>(797)</u>
Total Recognised Gains and Losses Relating to the Year		<u>13,451</u>	<u>12,209</u>

The notes on pages 8 to 18 form part of these financial statements

Balance Sheets

as at 31 December 2007

	Note	Parent Company		Group	
		2007	2006	2007	2006
		£000	£000	£000	£000
Fixed Assets					
Intangible Assets	8	-	-	7,962	3,378
Tangible Assets	9	1	1	1,924	1,734
Investments	10	<u>141,500</u>	<u>132,500</u>	<u>-</u>	<u>-</u>
		<u>141,501</u>	<u>132,501</u>	<u>9,886</u>	<u>5,112</u>
Current Assets					
Debtors	11	11,103	7,326	694,548	570,872
Cash at Bank and in Hand	12	<u>-</u>	<u>2,110</u>	<u>9,691</u>	<u>5,147</u>
		11,103	9,436	704,239	576,019
Creditors (Amounts Falling Due Within One Year)	13	<u>(82,973)</u>	<u>(81,551)</u>	<u>(356,448)</u>	<u>(290,256)</u>
Net Current (Liabilities)/Assets		<u>(71,870)</u>	<u>(72,115)</u>	<u>347,791</u>	<u>285,763</u>
Total Assets Less Current Liabilities		<u>69,631</u>	<u>60,386</u>	<u>357,677</u>	<u>290,875</u>
Creditors (Amounts Falling Due After More Than One year)	13	2,086	-	270,027	221,106
Provisions for Liabilities and Charges	14	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>
		2,086	-	270,027	221,155
Capital and Other Reserves					
Called-Up Share Capital	16	62,600	54,100	62,600	54,100
Profit and Loss Account	17	<u>4,945</u>	<u>6,286</u>	<u>24,987</u>	<u>15,620</u>
Equity Shareholder's Funds	2, 18	<u>67,545</u>	<u>60,386</u>	<u>87,587</u>	<u>69,720</u>
Minority interest		<u>-</u>	<u>-</u>	<u>63</u>	<u>-</u>
		<u>69,631</u>	<u>60,386</u>	<u>357,677</u>	<u>290,875</u>

Approved by the Board on 18 March 2008



D A ROBERTSON
Director

The notes on pages 8 to 18 form part of these financial statements

Group Cash Flow Statement
year ended 31 December 2007

	Note	2007 £000	2006 £000
Net Cash Outflow from Operating Activities	20	(18,226)	(11,474)
Returns on Investments and Servicing of Finance			
Interest Received		1,682	519
Interest Paid		<u>(17,358)</u>	<u>(10,908)</u>
		(15,676)	(10,389)
Taxation			
UK Tax Paid		(7,535)	(4,805)
UK Tax Refunded		-	1,363
Foreign Tax Paid		<u>(524)</u>	<u>(567)</u>
		(8,059)	(4,009)
Capital Expenditure and Financial Investment:			
Purchase of Tangible Fixed Assets		(961)	(1,203)
Sale of Tangible Fixed Assets		<u>-</u>	<u>19</u>
		(961)	(1,184)
Acquisitions and Disposals			
Purchase of Subsidiary		(8,590)	(1,700)
Purchase of the Trade and Assets of Businesses		<u>(3,767)</u>	<u>-</u>
		(12,357)	(1,700)
Equity Dividends Paid		<u>(4,084)</u>	<u>(2,924)</u>
Cash Outflow Before Financing		(59,363)	(31,680)
Financing			
Issue of Shares		8,500	-
New Loans		88,525	38,867
Repayments of Amounts Borrowed		<u>(34,318)</u>	<u>(5,096)</u>
		62,707	33,771
Increase in Cash	21, 22	<u>3,344</u>	<u>2,091</u>

The notes on pages 8 to 18 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

Going Concern

These financial statements have been prepared on a going concern basis

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	-	Three to five years
Leasehold Improvements	-	The lower of ten years or the remaining life of the lease

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 and its UK subsidiaries are members of the Bibby Line Group Limited Pension Scheme but are unable to identify their 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 26

Payments to defined contribution schemes are charged as incurred, in the profit and loss account

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

Investments

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

2 Segmented Analysis by Geographical Region

	2007 £000	2006 £000
Turnover		
United Kingdom	70,535	60,920
Rest of Europe	5,913	2,143
North America	11,204	9,374
Asia / Pacific	5,249	4,299
	<u>92,901</u>	<u>76,736</u>

	2007 £000	2006 £000
Profit on Ordinary Activities Before Tax		
United Kingdom	15,151	19,847
Rest of Europe	633	26
North America	278	(530)
Asia / Pacific	417	350
	<u>16,479</u>	<u>19,693</u>

	2007 £000	2006 £000
Net assets		
United Kingdom	63,197	59,697
Rest of Europe	12,193	1,487
North America	5,887	5,721
Asia / Pacific	6,310	2,815
	<u>87,587</u>	<u>69,720</u>

Gross debts factored and transactions financed during the year were £3,617m (2006 - £3,320m)

3 Interest Receivable

	2007 £000	2006 £000
Bank Interest Receivable and Similar Income	1,682	519
Exceptional Exchange Revaluation Gain	-	2,728
	<u>1,682</u>	<u>3,247</u>

4 Interest Payable and Similar Charges

	2007 £000	2006 £000
On Bank Loans and Overdrafts	16,824	11,551
Exceptional Exchange Revaluation Loss	1,393	-
	<u>18,217</u>	<u>11,551</u>

5 Profit on Ordinary Activities Before Taxation
is stated after charging/(crediting) the following amounts -

	2007 £000	2006 £000
Staff Costs		
Wages and Salaries	23,871	20,227
Social Security Costs	2,004	1,657
Pension Costs	1,052	896
Depreciation	982	785
Interest Received Under a Currency Swap	(1,214)	(505)
Exceptional Exchange Revaluation Loss/(Gain)	1,393	(2,728)
Amortisation of Goodwill	1,714	1,230
Hire of Plant and Equipment	651	298
Rental of Property	1,878	1,582
Auditors' Remuneration for		
Audit (Company £1,000, 2006 - £1,000)	289	239
Other Services	9	45

Particulars of Employees

	2007	2006
The Average Number of Persons Employed During the Year was	<u>762</u>	<u>702</u>

6 Taxation

	2007 £000	2006 £000
UK Corporation Tax Payable	3,107	7,884
Foreign Tax Charge/(Credit)	1,486	(288)
Adjustment for Prior Year Taxes	(898)	(1,247)
Current Tax Charge for the Year	<u>3,695</u>	<u>6,349</u>
Deferred Tax Charge (See Note 15)		
Current Year (Credit)/Charge	(129)	499
Adjustment to Prior Years	881	(161)
Changes in the Rate of Tax	96	-
	<u>848</u>	<u>338</u>
	<u>4,543</u>	<u>6,687</u>

The current tax charge, excluding deferred tax, is lower (2006 - 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.

	2007 £000	2006 £000
Profit on Ordinary Activities Before Taxation	<u>16,479</u>	<u>19,693</u>
Current Tax at 30% (2006 - 30%)	4,944	5,908
Difference between Capital Allowances and Depreciation	(261)	554
Other Timing Differences	390	(1,053)
Expenses not Deductible for Tax Purposes	501	192
Exchange Differences not Taxable	(956)	1,915
Adjustment in Respect of Previous Periods	(898)	(1,247)
Effect of Foreign Rates of Tax	(29)	-
Non-utilisation of Foreign Subsidiaries' Tax Losses	4	80
Current Tax Charge for the Year	<u>3,695</u>	<u>6,349</u>

7 Dividend Paid

	2007 £000	2006 £000
On Ordinary £1 Shares		
Interim dividend of 6 52p Per Share (2006 - 5 40p)	<u>4,084</u>	<u>2,924</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 2007	7,057
Additions	6,297
Exchange Difference	7
At 31 December 2007	<u>13,361</u>
Accumulated Amortisation	
At 1 January 2007	3,679
Charge for the Year	1,714
Exchange Difference	6
At 31 December 2007	<u>5,399</u>
Net Book Amount at 31 December 2007	<u>7,962</u>
Net Book Amount at 31 December 2006	<u>3,378</u>

9 Tangible Assets

The company has no significant tangible assets The net book value of office equipment is £1,000 as at 31 December 2007 (£1,000 as at 31 December 2006) Details of those relating to the Group are as follows

	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost			
At 1 January 2007	474	5,295	5,769
Additions	56	905	961
On acquisition	-	177	177
Exchange Difference	-	131	131
Disposals	-	(52)	(52)
At 31 December 2007	<u>530</u>	<u>6,456</u>	<u>6,986</u>
Accumulated Depreciation			
At 1 January 2007	323	3,712	4,035
Charge for the Year	62	920	982
Exchange Difference	-	72	72
Disposals	-	(27)	(27)
At 31 December 2007	<u>385</u>	<u>4,677</u>	<u>5,062</u>
Net Book Amount at 31 December 2007	<u>145</u>	<u>1,779</u>	<u>1,924</u>
Net Book Amount at 31 December 2006	<u>151</u>	<u>1,583</u>	<u>1,734</u>

10 Investments

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

	2007 £000	2006 £000
Investment in Subsidiary Undertakings	<u>141,500</u>	<u>132,500</u>
Ordinary Shares in Wholly Owned Group Undertakings -		
Bibby Group of Factors Limited	61,850	53,350
Bibby Trade Services Limited	3,200	2,700
Bibby Asset Finance Limited	4,750	4,750
Bibby Management Services Limited	-	-
Bibby Finance 1 Limited	70,000	70,000
Bibby Finance 2 Limited	-	-
Factoring UK Group Limited	<u>1,700</u>	<u>1,700</u>
	<u>141,500</u>	<u>132,500</u>

10 Investments (continued)

Bibby Group of Factors Limited also 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
- Bibby Financial Services Australia Pty Limited (operates in Australia)
- Bibby Financial Services (India) Pvt Limited (operates in India)
- Bibby Invoice Discounting Limited
- Cash Reform, a s (operates in Czech Republic), holds 100% investment in Cash Reform Factoring, a s (operates in Slovak Republic)
- Bibby Financial Services (Ireland) Limited (operates in the Republic of Ireland)
- 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 (Southeast), 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 Transportation Finance, Inc (operates in the USA)
 - Bibby Financial Services (Canada) Inc (operates in Canada)

Bibby Trade Services Limited holds the following investment -

- Bibby Connexions S A S (operates in France)

Bibby Asset Finance Limited holds the following investment -

- Bibby Leasing Limited

Factoring UK Group Limited holds the following investments -

- Factoring UK Consulting Limited
- Factoring UK 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 as debt factors, Bibby Trade Services Limited, Bibby Connexions S A S and Bibby Purchase Order Finance, Inc as transactional financiers and Bibby Asset Finance Limited and its subsidiary as capital asset financiers.

All of the Company's subsidiaries equity shares are wholly owned, with the exception of Bibby Financial Services (India) Pvt Limited which is 75% owned by the Company. The Company owns the entire issued preference share capital of the aforementioned company. Voting rights are in proportion to share ownership.

11 Debtors

	Parent Company		Group	
	2007	2006	2007	2006
	£000	£000	£000	£000
Net Investment in Finance Leases	-	-	41,239	33,574
Trade Debtors	-	-	638,423	524,142
Prepayments and Accrued Income	5	21	6,193	3,343
Other Debtors	1,478	-	2,411	2,810
Amount Owed by Ultimate Parent Undertaking	3,585	547	3,975	-
Amount Owed by Other Group Undertakings	6,035	6,758	-	3,922
Deferred Taxation (See Note 15)	-	-	2,307	3,081
	<u>11,103</u>	<u>7,326</u>	<u>694,548</u>	<u>570,872</u>

Included in net investment in finance leases is £28,542,000 (2006 - £27,897,000) which is due after more than one year

Included in other debtors is £1,393,000 (2006 - £2,728,000) which relates to the revaluation of a Japanese yen versus sterling currency swap that will be payable on 31 December 2008, assuming that the exchange rate is the same as it was at the close of business on 31 December 2007

12 Cash at Bank and in Hand

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

13 Creditors

	Parent Company		Group	
	2007	2006	2007	2006
	£000	£000	£000	£000
Amounts Falling Due Within One Year				
Trade Creditors	-	1	300,729	262,315
Amount Owed to Ultimate Parent Undertaking	12,417	27	1	671
Bank Loans and Overdrafts	-	125	37,601	11,265
Amounts Owed to Other Group Undertakings	70,136	81,071	5,701	56
Accruals and Deferred Income	420	321	10,930	10,306
Other Taxation and Social Security	-	-	1,470	858
Corporation Tax	-	6	13	4,782
Government Grant	-	-	3	3
	<u>82,973</u>	<u>81,551</u>	<u>356,448</u>	<u>290,256</u>
Amounts Falling Due After More Than One Year				
Bank Loans and Overdrafts	2,086	-	269,627	221,103
Accruals and Deferred Income	-	-	400	-
Government Grant	-	-	-	3
	<u>2,086</u>	<u>-</u>	<u>270,027</u>	<u>221,106</u>

Bank loans and overdrafts are repayable as follows

	Parent Company		Group	
	2007	2006	2007	2006
	£000	£000	£000	£000
Within One Year	-	125	37,601	11,265
Between One and Two Years	2,086	-	217,161	197,603
Between Two and Five Years	-	-	52,466	23,500
	<u>2,086</u>	<u>125</u>	<u>307,228</u>	<u>232,368</u>

13 Creditors (continued)

The bank loans and overdrafts of certain factoring facilities 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 2007	49
Utilised during the year	(49)
At 31 December 2007	-

15 Deferred Taxation Asset

	Parent Company £000	Group £000
As at 1 January 2007	-	3,081
Profit and Loss Account - Charge (See Note 6)	-	(848)
On acquisition	-	60
Exchange Difference	-	14
As at 31 December 2007	-	2,307

Included in the deferred tax charge is a £96,000 charge arising from a change in the rate of UK corporation tax and a £881,000 charge in respect of adjustments made to previous years

The amounts of deferred taxation recognised at rates between 19% and 38% (2006 - 19% and 38%) by the Group are as follows

	2007 £000	2006 £000
Accelerated Depreciation	1,175	2,608
Other Timing Differences	1,132	473
	<u>2,307</u>	<u>3,081</u>

16 Called-Up Share Capital

	2007 £000	2006 £000
Allotted and Fully Paid Ordinary £1 Shares	62,600	54,100
Authorised Ordinary £1 Shares	<u>100,000</u>	<u>60,000</u>

The authorised share capital of the Company was increased by £40,000,000 (Ordinary £1 shares) on 19 March 2007

8,500,000 Ordinary £1 shares were subscribed for by, and allotted to, the parent undertaking at par value on 19 March 2007. The shares were issued to finance the acquisition of Cash Reform as (see note 19)

17 Reserves

	Profit and Loss Account £000
Company	
At 1 January 2007	6,286
Profit for the financial year	2,743
Dividend paid	(4,084)
At 31 December 2007	<u>4,945</u>

17 Reserves (continued)

	Profit and Loss Account £000
Group	
At 1 January 2007	15,620
Profit for the Financial Year	11,936
Dividend paid	(4,084)
Exchange Difference Arising on Consolidation	1,515
At 31 December 2007	<u>24,987</u>

18 Movement in Equity Shareholder's Funds

	Parent Company		Group	
	2007 £000	2006 £000	2007 £000	2006 £000
Profit for the Year	2,743	3,793	11,936	13,006
Dividend paid	(4,084)	(2,924)	(4,084)	(2,924)
	(1,341)	869	7,852	10,082
Currency Translation Differences on Foreign Currency Net Investment	-	-	1,515	(797)
Share capital allotted	8,500	-	8,500	-
Net Addition to Equity Shareholder's Funds	7,159	869	17,867	9,285
Opening Equity Shareholder's Funds	60,386	59,517	69,720	60,435
Closing Equity Shareholder's Funds	<u>67,545</u>	<u>60,386</u>	<u>87,587</u>	<u>69,720</u>

19 Acquisitions

In January 2007 the Group acquired the entire share capital of Cash Reform a s together with its 100% subsidiary Cash Reform Factoring a s Both companies are factoring companies with the former operating in the Czech Republic and the latter in the Slovak Republic The fair value and book value of the assets and liabilities are set out below -

	Book Value £000	Fair Value Adjustment £000	Provisional Fair Value £000
Fixed Assets	176	-	176
Debtors	28,780	(986)	27,794
Deferred Tax Asset	60	-	60
Cash	542	-	542
Loans	(15,064)	-	(15,064)
Creditors	(9,552)	-	(9,552)
	<u>4,942</u>	<u>(986)</u>	3,956
Goodwill			5,134
			<u>9,090</u>
Satisfied by			
Cash			8,590
Deferred Consideration			500
			<u>9,090</u>

The fair value adjustment relates to adjustments for the alignment of accounting policies between Cash Reform a s and the acquiring company

For year ended 31 December 2007 Cash Reform a s made a profit after tax of £783,000 (2006 - £753,000)

19 Acquisitions (continued)

In January 2007 one of the Group's USA subsidiaries acquired the client factoring book of Account Funding, Inc. In August 2007 another of the Group's USA subsidiaries acquired the client factoring book of Comresco, LLC. In both cases the fair value of the assets and liabilities acquired were not materially different from the book value, which are set out below -

	Account Funding, Inc £000	Comresco LLC £000
Debtors	1,852	1,960
Creditors	(671)	(537)
	<u>1,181</u>	<u>1,423</u>
Goodwill	124	1,039
	<u>1,305</u>	<u>2,462</u>
Satisfied by Cash	<u>1,305</u>	<u>2,462</u>

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

	2007 £000	2006 £000
Operating Profit	33,014	27,997
Depreciation	982	785
Amortisation of Goodwill	1,714	1,231
Amortisation of Government Grant	(3)	(3)
Loss on disposal of Fixed Assets	25	5
Increase in Debtors	(83,807)	(93,907)
Increase/(Decrease) in Creditors	<u>29,849</u>	<u>52,418</u>
Net Cash Outflow from Operating Activities	<u>(18,226)</u>	<u>(11,474)</u>

21 Reconciliation of Movement in Net Debt

	2007 £000	2006 £000
Increase in Cash in the Year	3,344	2,133
On Acquisition	(14,522)	-
Increase in Loans	<u>(54,207)</u>	<u>(33,771)</u>
Change in Net Debt from Cash Flows	<u>(65,385)</u>	<u>(31,638)</u>
Exchange Movements	(4,931)	3,224
Movement in Net Debt in the Year	<u>(70,316)</u>	<u>(28,414)</u>
Net Debt at 1 January	<u>(227,221)</u>	<u>(198,807)</u>
Net Debt at 31 December	<u>(297,537)</u>	<u>(227,221)</u>

22 Analysis of Net Debt

	1 January 2007 £000	Cash Flow £000	On Acquisition £000	Exchange Differences £000	31 December 2007 £000
Cash at Bank and in Hand	5,147	3,344	542	658	9,691
Debt Due Within 1 year	(11,265)	(7,834)	(15,064)	(3,438)	(37,601)
Debt Due After 1 year	<u>(221,103)</u>	<u>(46,373)</u>	<u>-</u>	<u>(2,151)</u>	<u>(269,627)</u>
	<u>(232,368)</u>	<u>(54,207)</u>	<u>(15,064)</u>	<u>(5,589)</u>	<u>(307,228)</u>
	<u>(227,221)</u>	<u>(50,863)</u>	<u>(14,522)</u>	<u>(4,931)</u>	<u>(297,537)</u>

23 Directors' Emoluments

	2007 £000	2006 £000
The total emoluments were		
Emoluments	741	694
Pension Contributions	<u>70</u>	<u>78</u>
	<u>811</u>	<u>772</u>

The emoluments, excluding pension contributions, of the Chairman were £nil (2006 - £nil) and of the highest paid Director £396,000 (2006 - £315,000)

Contributions of £22,000 (2006 - £33,000) were made in respect of two (2006 - two) of the Group's Directors to a defined benefit pension scheme (see note 26). In addition, contributions of £49,000 (2006 - £44,000) were made in respect of one (2006 - 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 £49,000 (2006 - £44,000)

24 Capital Commitments

As at 31 December 2007, the Group had no capital commitments (2006 - 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 on their behalf by UK banks

	2007 £000	2006 £000
Group Guarantees	200	200
Unpresented Letters of Credit	<u>1,277</u>	<u>1,779</u>
	<u>1,477</u>	<u>1,979</u>

26 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 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 88% 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 £360,000 (2006 - £375,000), equivalent to 18.1% (2006 - 18.1%) of pensionable pay.

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 £231,000 (2006 - £240,000).

The Group has also made contributions of £121,000 (2006 - £96,000) to private money purchase pension schemes.

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £nil (2006 - £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 £6,366,000 (2006 - £10,716,000) is noted. Further information can be found in the financial statements of the ultimate parent company.

27 Operating Lease Commitments

	Parent Company		Group	
	2007	2006	2007	2006
	£000	£000	£000	£000
Annual Commitments Under Operating Leases Which Expire				
Within One Year				
Vehicles and Equipment	-	-	195	49
Land and Buildings	-	-	119	77
Within Two to Five Years				
Vehicles and Equipment	7	7	152	259
Land and Buildings	-	-	1,345	516
After more than Five Years				
Land and Buildings	-	-	94	376
	<u>7</u>	<u>7</u>	<u>1,905</u>	<u>1,277</u>

28 Post Balance Sheet events

The following material event occurred after the balance sheet date, but prior to the approval of the accounts -

In January 2008 Bibby Financial Services Limited, via its subsidiary undertaking Bibby Group of Factors Limited incorporated a new company in Germany, Bibby Financial Services Germany GmbH. This factoring company commenced trading at the beginning of March 2008.

29 Parent Undertaking

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

Group website address www.bibbygroup.co.uk

Space For Reader's Notes

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Bibby Financial Services Ltd

A global network of local companies

43 companies across 11 countries

UK: Edinburgh, Sunderland, Yorkshire, Leeds, Liverpool, Manchester, Leicester, Slough, Bristol, Hastings, Banbury*, Basingstoke, Eastbourne

Europe: Ireland - *Dublin*, France - *Lyon, Paris, Aix en Provence*, Poland - *Warsaw, Katowice, Poznan*, The Czech Republic - *Brno*, Slovakia - *Bratislava*, Germany - *Düsseldorf*

North America: Chicago, Dallas, Los Angeles, Nashville **Canada** Toronto

Asia Pacific: India - *Gurgaon*, Australia - *Sydney, Brisbane, Melbourne*