

Registration number: 3530461

# Bibby Financial Services Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2018



## **Bibby Financial Services Limited**

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## **Bibby Financial Services Limited**

### **Company Information**

<b>Chairman</b>	John Harold Cresswell
<b>Chief executive officer</b>	David John Postings
<b>Directors</b>	John Harold Cresswell David John Postings Stephen George Rose Steven Vears Robinson Ian Ramsden Edward James Winterton Michael Edward Fairey Mark Joseph Lyons
<b>Company secretary</b>	Bibby Bros. & Co. (Management) Limited
<b>Registered office</b>	105 Duke Street Liverpool L1 5JQ United Kingdom
<b>Ultimate parent undertaking</b>	Bibby Line Group Limited
<b>Auditors</b>	Deloitte LLP Statutory Auditor Liverpool United Kingdom

## **Bibby Financial Services Limited**

### **Strategic Report for the Year Ended 31 December 2018**

The Directors present their strategic report for the year ended 31 December 2018.

#### **What we do**

Bibby Financial Services (BFS), the 'Group', provides invoice finance, asset finance, trade finance and foreign exchange services to small and medium sized businesses across the world.

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

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

Globally, BFS supports more than 10,000 business customers in over 300 industry sectors. The business operates in 14 countries across Europe, North America and Asia

#### **Strategy**

BFS's vision is to be the independent financial services company with which every ambitious company would love to work. To deliver this vision and achieve our corporate objectives, our global strategy is to 'focus and grow'. Our growth strategy is based on three key pillars, which we refer to as the three 'Cs':

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

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

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

#### **Operational review**

2018 was a year of continued growth and ongoing investment for BFS. In line with our strategy, we invested over £18 million in our people, systems and processes to ensure that our business is able to provide support for business and economies both now and in the future.

To drive forward our international ambition, our corporate structure is designed to build one joined up global business whilst recognising key geographic territories and income generating businesses. Our international strength and strong focus on client needs has helped income to continue to grow across our European, Asian and North American businesses. In line with our strategic plan, we have grown our Corporate proposition for UK businesses, and continued to expand the specialist businesses supporting our clients with bad debt protection, contractual debt financing, trade, FX and leasing needs.

We continued to strengthen our funding and liquidity position, in particular by extending our UK Securitisation facility including the addition of a Mezzanine layer of junior notes, and expanding our Pan-European funding. Total funding capacity for BFS is £1.33bn at December 31 2018. By ensuring we have a robust mix of funding, we are better able to meet our clients' needs in a cost efficient way.

## **Bibby Financial Services Limited**

### **Strategic Report for the Year Ended 31 December 2018 (continued)**

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

This investment has helped us to grow customer numbers and improve the level of service we provide to existing clients; at the end of 2018 overall client satisfaction was 89% and the Net Promoter Score was an impressive +42.

Validating our focus and commitment on being a great place to work is our placement as 42nd in the Sunday Times Best Companies to Work For in 2019. This was the eighth time we have featured in the top 100 companies. This award, coupled with our strong performance throughout the year, is testament to the hard work and dedication of our 1,300 employees across the world.

#### **Financial performance**

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

	Unit	2018	2017
Debts factored	£m	10,142	9,153
Turnover	£000	176,832	168,023
Interest payable and similar charges	£000	31,339	20,197
Profit before tax	£000	14,973	22,703
Funds advanced	£m	982	921

Debts factored have grown by 10.8% globally, with year end funds advanced to customers increasing to £982m (6.6%). Turnover has increased by £8.8m (5.2%) to £176.8m. The increase in turnover primarily results from the growth in debts factored and funds advanced to customers, and also reflects the reduced income yield as the product mix changes to have more invoice discounting and larger clients become a greater proportion of the whole client base.

Interest payable and similar charges have increased by £11.1m (55.2%) to £31.3m for 2018. This results from the increase in the size of the loan book as the business grows and our strategy to increase and diversify our funding to strengthen resilience against adverse events and so enable BFS to sustain this growth in the future. Specifically, in 2018 BFS issued a new mezzanine layer of loan notes within our UK securitisation facility that has increased the amount, lengthened the term, and strengthened resilience of our overall funding structures to withstand a future UK economic recession. The 2018 income statement includes £4.9m of additional costs and amortisation that result from the introduction of the new mezzanine layer of loan notes and a more prudent accounting estimate of the amortisation period to write down the costs of establishing the UK securitisation facility.

The addition of the mezzanine layer of junior notes has also allowed the business to release equity to shareholders, with dividends paid in the year increasing to £18.8m (2017: £6.8m). Profit before tax has fallen to £15.0m (2017: £22.7m) after absorbing the higher financing costs (£4.9m) and higher depreciation and amortisation (£1.1m) as we invest in new systems to sustain our growth in the long term.

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

We continue to invest to support our growth strategy and in 2018 we invested a further £18m focussed on improving digital capability, revenue generation, core infrastructure and developing our people.

## **Bibby Financial Services Limited**

### **Strategic Report for the Year Ended 31 December 2018 (continued)**

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

BFS serves small and medium sized companies (SMEs). Growth in the SME financing market is influenced by the wider economic environment and business confidence. The market place for BFS is increasingly competitive, creating pressure on income growth and margins. A challenging macro-economic environment in 2018 impacted the level of growth in the UK. The BFS "SME Confidence Tracker" continues to report muted growth expectations in most of our markets, a perception of risk responding to broader market and political uncertainty.

BFS extends geographically across North America, Europe and Asia. BFS provides services to clients through operating companies established in the clients country of residence, and these services are aligned to the local legal framework and regulation. BFS is therefore well placed to manage the current uncertainty created by the UK leaving the European Union. The political uncertainty during the transition period for the UK to leave the European Union may impact wider business confidence, the risk of uncertainty or a down turn in the economy and a possible recession, and the increased cost and administrative burden of doing business in Europe could significantly impact the viability of some of our clients. BFS has taken steps to improve its funding base so that BFS will remain client focussed and will continue to provide competitive funding solutions to all of the markets in which BFS operates through this period. BFS will continue to monitor legislative risks, the risks to BFS suppliers and funders, and any potential impact on BFS employees of changes arising from the UK leaving the European Union.

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

Outside of these directly regulated activities, BFS operate in an evolving, self-regulated market where going 'above and beyond' the minimum is fundamental to the management of the business. BFS continue to proactively lead in self-regulation and continues to strengthen standards to ensure that robust quality assurance and risk management processes are embedded at all levels of the organisation. Giving excellent client service is central to these processes as BFS develop and grow. BFS therefore endeavour to manage operations responsibly and conduct business in an ethical and transparent way.

#### **Commercial risks and uncertainties**

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

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

## **Bibby Financial Services Limited**

### **Strategic Report for the Year Ended 31 December 2018 (continued)**

#### **Risk management**

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

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

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

This framework enables us to review key risks facing the Group, and manage and mitigate outcomes ensuring the continued profitability and success of BFS.

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

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

Risk was effectively managed by our Operational and Central Risk teams in 2018 with our bad debt charge being 0.84% (2017: 0.85%) of our advances at year end.

#### **Financial instruments**

##### ***Objectives and policies***

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

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

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

## **Bibby Financial Services Limited**

### **Strategic Report for the Year Ended 31 December 2018 (continued)**

#### ***Price risk, liquidity risk, credit risk and capital adequacy***

##### **Price risk:**

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

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

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

##### **Liquidity risk:**

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

##### **Capital adequacy:**

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

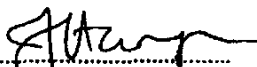
##### **Credit risk:**

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

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

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

Approved by the Board on 30 April 2019 and signed on its behalf by:



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

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



## **Bibby Financial Services Limited**

### **Directors' Report for the Year Ended 31 December 2018**

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2018.

#### **Directors of the Group**

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

John Harold Cresswell - Chairman (appointed 19 July 2018)

David John Postings - Chief Executive Officer

Stephen George Rose

Steven Vears Robinson

Ian Ramsden

Edward James Winterton

Michael Edward Fairey

Mark Joseph Lyons

Darcy Willson-Rymer (resigned 23 August 2018)

Gaurav Batra (resigned 19 July 2018)

#### **Directors' liabilities**

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

#### **Dividends**

The directors recommend a dividend payment of £10,000,000 be made in respect of the financial year ended 31 December 2018. This dividend has not been recognised as a liability in the financial statements.

#### **Going concern**

The Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies statement in the Notes to the Financial Statements.

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

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

#### **Stakeholders**

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

## **Bibby Financial Services Limited**

### **Directors' Report for the Year Ended 31 December 2018 (continued)**

#### **Corporate responsibility**

Our approach to corporate responsibility is integral to how we operate, enabling us to build a sustainable future in a responsible and ethical manner. This encompasses how we treat employees, clients, partners and suppliers as well as playing a positive role and investing in local communities and minimising our impact on the environment.

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

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

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

#### **Employee involvement**

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

The team make the difference to our clients, working to deliver high standards and in turn, the value our clients perceive, demonstrated through an impressive Net Promoter Score of +42. Our people also make a positive contribution to support our local communities through our 'Giving Something Back' programme; playing an active role volunteering and fundraising.

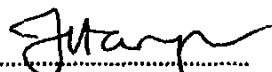
#### **Research and development**

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

#### **Disclosure of information to the auditor**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 30 April 2019 and signed on its behalf by:



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

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

## **Bibby Financial Services Limited**

### **Directors' Responsibilities Statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

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

## **Bibby Financial Services Limited**

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

#### **Report on the audit of the financial statements**

##### **Opinion on the financial statements**

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

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2018 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Notes to the Financial Statements 1 to 23.

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

##### **Basis for opinion**

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

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

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

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

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

We have nothing to report in respect of these matters.

## **Bibby Financial Services Limited**

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

#### **Other information**

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

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

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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

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

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

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

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

#### **Report on other legal and regulatory requirements**

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

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

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

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

**Bibby Financial Services Limited**

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

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

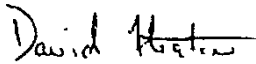
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

**Use of our report**

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



.....  
David Heaton (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Liverpool  
United Kingdom

30 April 2019

# **Bibby Financial Services Limited**

## **Consolidated Profit and Loss Account for the Year Ended 31 December 2018**

	<b>Note</b>	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Turnover	3	176,832	168,023
Cost of sales		<u>(131,205)</u>	<u>(125,606)</u>
Operating profit	4	45,627	42,417
Other interest receivable and similar income	8	685	483
Interest payable and similar charges	9	<u>(31,339)</u>	<u>(20,197)</u>
Profit before tax		14,973	22,703
Taxation	10	<u>282</u>	<u>(3,184)</u>
Profit for the financial year		<u>15,255</u>	<u>19,519</u>

The above results were derived from continuing operations.

The notes on pages 20 to 50 form an integral part of these financial statements.

**Bibby Financial Services Limited**

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December  
2018**

	<b>2018</b> <b>£ 000</b>	<b>2017</b> <b>£ 000</b>
Profit for the year	15,255	19,519
Foreign currency gains/(losses)	<u>1,164</u>	<u>(1,633)</u>
Total comprehensive income for the year attributable to equity shareholders	<u>16,419</u>	<u>17,886</u>

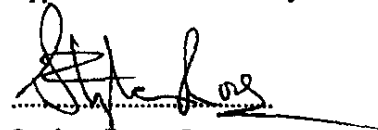
The notes on pages 20 to 50 form an integral part of these financial statements.



**Bibby Financial Services Limited**  
**(Registration number: 3530461)**  
**Consolidated Balance Sheet as at 31 December 2018**

	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Intangible assets	12	40,893	27,946
Tangible assets	13	<u>15,305</u>	<u>15,374</u>
		<u>56,198</u>	<u>43,320</u>
<b>Current assets</b>			
Debtors	15	1,150,142	1,143,463
Cash at bank and in hand	14	<u>56,939</u>	<u>25,550</u>
		1,207,081	1,169,013
Creditors: Amounts falling due within one year	16	<u>(257,947)</u>	<u>(269,266)</u>
<b>Net current assets</b>		<u>949,134</u>	<u>899,747</u>
<b>Total assets less current liabilities</b>		1,005,332	943,067
Creditors: Amounts falling due after more than one year	16	(814,363)	(747,636)
Deferred tax	10	<u>-</u>	<u>(2,080)</u>
<b>Net assets</b>		<u>190,969</u>	<u>193,351</u>
<b>Capital and reserves</b>			
Called up share capital	17	62,600	62,600
Profit and loss account		<u>128,369</u>	<u>130,751</u>
<b>Shareholders' funds</b>		<u>190,969</u>	<u>193,351</u>

Approved and authorised by the Board on 30 April 2019 and signed on its behalf by:



**Stephen George Rose**  
**Director**

**Bibby Financial Services Limited**  
**(Registration number: 3530461)**  
**Company Balance Sheet as at 31 December 2018**

	Note	2018 £ 000	2017 £ 000
<b>Fixed assets</b>			
Investments	11	61,850	61,850
Intangible assets	12	38,796	27,533
Tangible assets	13	<u>14,066</u>	<u>12,119</u>
		<u>114,712</u>	<u>101,502</u>
<b>Current assets</b>			
Debtors	15	9,560	11,008
Cash at bank and in hand	14	<u>2,317</u>	<u>3,137</u>
		11,877	14,145
Creditors: Amounts falling due within one year	16	<u>(40,282)</u>	<u>(9,380)</u>
Net current (liabilities)/assets		<u>(28,405)</u>	<u>4,765</u>
<b>Total assets less current liabilities</b>		<b>86,307</b>	<b>106,267</b>
Creditors: Amounts falling due after more than one year	16	(6,564)	-
Deferred tax	10	<u>-</u>	<u>(1,971)</u>
<b>Net assets</b>		<u><b>79,743</b></u>	<u><b>104,296</b></u>
<b>Capital and reserves</b>			
Called up share capital	17	62,600	62,600
Profit and loss account		<u>17,143</u>	<u>41,696</u>
<b>Shareholders' funds</b>		<u><b>79,743</b></u>	<u><b>104,296</b></u>

The Company loss for the year as reported in the Company Statement of Changes in Equity is £5,752,000 (2017: Profit for the year £10,701,000)

Approved and authorised by the Board on 30 April 2019 and signed on its behalf by:



Stephen George Rose  
Director

# **Bibby Financial Services Limited**

## **Consolidated Statement of Changes in Equity for the Year Ended 31 December 2018**

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2018	62,600	130,751	193,351
Profit for the year	-	15,255	15,255
Other comprehensive income	-	1,164	1,164
Total comprehensive income	-	16,419	16,419
Dividends	-	(18,801)	(18,801)
At 31 December 2018	62,600	128,369	190,969

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2017	62,600	125,127	187,727
Profit for the year	-	19,519	19,519
Other comprehensive income	-	(1,633)	(1,633)
Total comprehensive income	-	17,886	17,886
Dividends	-	(6,800)	(6,800)
Consideration on transfer of ownership of subsidiary undertakings from parent undertaking above book value of share capital of that subsidiary	-	(5,000)	(5,000)
Dividends paid by merging subsidiary prior to business combination	-	(462)	(462)
At 31 December 2017	62,600	130,751	193,351

The notes on pages 20 to 50 form an integral part of these financial statements.

**Bibby Financial Services Limited**

**Company Statement of Changes in Equity for the Year Ended 31 December 2018**

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2018	62,600	41,696	104,296
Loss for the year	-	(5,752)	(5,752)
Dividends	-	(18,801)	(18,801)
At 31 December 2018	<u>62,600</u>	<u>17,143</u>	<u>79,743</u>

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2017	62,600	37,795	100,395
Profit for the year	-	10,701	10,701
Dividends	-	(6,800)	(6,800)
At 31 December 2017	<u>62,600</u>	<u>41,696</u>	<u>104,296</u>

The notes on pages 20 to 50 form an integral part of these financial statements.

# Bibby Financial Services Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2018

	Note	2018 £ 000	2017 £ 000
<b>Cash flows from operating activities</b>			
Profit for the year		15,255	19,519
Adjustments to cash flows from non-cash items			
Depreciation, amortisation and impairment of fixed assets	4	5,703	4,594
Interest receivable and similar income	8	(685)	(483)
Interest payable and similar charges	9	31,339	20,197
Taxation	10	<u>(282)</u>	<u>3,184</u>
		51,330	47,011
Working capital adjustments			
Decrease/(increase) in trade debtors		5,116	(135,761)
(Decrease)/increase in trade creditors		<u>(61,229)</u>	<u>34,755</u>
Cash used in operations		(4,783)	(53,995)
Corporation tax paid		<u>(3,562)</u>	<u>(4,240)</u>
Net cash flow from operating activities		<u>(8,345)</u>	<u>(58,235)</u>
<b>Cash flows from investing activities</b>			
Interest received		685	483
Acquisition of tangible fixed assets		(2,554)	(3,127)
Proceeds from sale of tangible assets		640	-
Acquisition of intangible fixed assets		(16,757)	(9,699)
Cash consideration paid on transfer of ownership of subsidiary undertakings from parent undertaking		<u>-</u>	<u>(5,000)</u>
Net cash flows from investing activities		<u>(17,986)</u>	<u>(17,343)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(30,487)	(20,197)
Proceeds from draw down of existing credit facilities		17,082	80,760
Proceeds from draw down of new borrowing facilities		105,000	-
Proceeds from placement of finance lease arrangements		5,278	-
Repayments of finance leases		(542)	(98)
Dividends paid		<u>(18,801)</u>	<u>(7,262)</u>
Net cash flows from financing activities		<u>77,530</u>	<u>53,203</u>
Net increase/(decrease) in cash and cash equivalents		51,199	(22,375)
Cash and cash equivalents at 1 January		(60)	21,371
Effect of exchange rate fluctuations on cash held		<u>958</u>	<u>944</u>
Cash and cash equivalents at 31 December	14	<u>52,097</u>	<u>(60)</u>

The notes on pages 20 to 50 form an integral part of these financial statements.

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018**

#### **1 General information**

Bibby Financial Services Limited is a private company limited by shares and incorporated in England, registration number 3530461. The address of its registered office and principal place of business is 105 Duke Street, Liverpool, L1 5JQ.

The company is a wholly owned subsidiary of Bibby Line Group Limited. Bibby Line Group Limited is ultimate parent undertaking and is the parent undertaking of the smallest and largest group which consolidates these financial statements for which the company is a member. The ultimate controlling party is disclosed in the financial statements of Bibby Line Group Limited. Copies of all financial statements can be obtained from Bibby Line Group Limited, 105 Duke Street, L1 5JQ ([www.bibbylinegroup.co.uk](http://www.bibbylinegroup.co.uk)).

These financial statements were authorised for issue by the Board on 30 April 2019.

#### **2 Accounting policies**

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

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

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

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

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

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

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

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

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. The accounting periods of subsidiaries are coterminous with those of the Company.

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

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

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

#### **Business combinations**

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

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

#### **Business combinations - Occurring in 2017:**

The financial statements incorporate the results of a French subsidiary whose ownership was inherited from the ultimate parent undertaking in 2017. The Company elected to apply the provisions of FRS 102 Section 19.27 'Group reconstructions' in consolidating the results and cashflows of the entity. The results and cash flows of all combining entities are brought into the consolidated financial statements from the beginning of the financial year in which the combination occurred.

#### **Disclosure exemptions**

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

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

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

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

#### **Going concern**

The financial statements are prepared on a going concern basis.

In reaching their view on the preparation of the financial statements on a going concern basis, the Directors are required to consider whether the Company and Group can continue in operational existence for a period of at least 12 months from the date of this report. The continuing uncertain economic conditions present increased risks for all businesses. In response to such conditions the Directors have carefully considered these risks, including an assessment of any uncertainty on the viability of the Group's business model and the extent to which they may affect the preparation of the financial statements on a going concern basis.

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

Based on this assessment, the Directors consider that the Company and Group both maintain an appropriate level of capital and liquidity, sufficient to meet the demands of the business and the requirements which might arise in stressed circumstances. The Company remains compliant with all banking covenants.

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

#### **Turnover**

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

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

Discount income on financial assets that are classified as loans and receivables (including trade debtors and finance lease receivables) is determined using the effective interest method. Effective interest when applied against a financial asset, is a method of calculating the amortised cost of a financial asset and allocating the interest income over the expected life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instruments initial carrying value.

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

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

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

#### **Leases**

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

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

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

#### **Taxation**

Tax for the period comprises current tax and deferred tax.

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



## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between taxable profits and results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

#### **Investments**

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

#### **Intangible fixed assets**

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

<b>Asset class</b>	<b>Amortisation method and rate</b>
Goodwill	Straight line 5 years
Software and development	Straight line 5 - 10 years

Development costs have been recognised in accordance with FRS 102 Section 18 and are therefore not treated as a realised loss in measuring statutory distributable reserves.

#### **Tangible fixed assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided to allocate the cost of the assets less their estimated residual values, over their expected useful economic life using a straight line basis as follows:

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

#### **Impairment of fixed assets**

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

#### **Financial instruments**

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

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### ***Classification***

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds basic financial instruments which as well as complex derivative financial instruments.

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

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

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

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

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

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

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

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

#### ***Impairment of financial assets***

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

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **Derivative financial instruments**

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

A smaller amount of derivative financial instruments are entered into by the Group to manage exposure to foreign exchange rate risk namely foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 22 to the Financial Statements.

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

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

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

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

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

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

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

#### **Finance lease receivables**

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

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **Trade debtors**

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

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

The Group raises some finance through securitisation of its debts, selling debts assigned to an issuing party who using the invoices as security, borrows funds from third party investors by issuing variable funding notes to those investors. Under securitisation, the accounting policy for securitised trade debtors remains unchanged. Although debts are assigned to the issuing party to enable funding, the Group retains the economic reward and risk of the debtor. With debtors remaining recognised, securitisation funding is reported within borrowings.

#### **Trade creditors**

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

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

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

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

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

#### **Share capital**

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

#### **Dividends**

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

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **Retirement benefits**

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

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

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

#### **Critical accounting policies and the use of judgements and estimates**

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

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

The critical judgements and estimates that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements is within the impairment of financial assets and within the recognition and subsequent amortisation of intangible fixed assets.

#### ***Use of judgement within the assessment of the impairment of financial assets:***

In considering indications of impairment of financial assets the Directors consider a number of qualitative and quantitative factors including but not limited to: client advance ratios; client recourse arrangements; receivables lending verification coverage; ordinary client commercial variation risk impacting on receivables measurement; valuation of client security; general debtor days, and other market led intelligence. Given the specialised nature of the company's activities and its application of FRS 102 Section 34, information about the credit quality of its financial assets is contained within the financial statements.

#### ***Use of estimation in setting useful economic lives of intangible fixed assets:***

Software and development costs reflect investment in technological systems and advancements, the economic benefits of which the Directors believe will be realised over their useful economic life. The Directors consider that the amortisation policies for software and development costs will reflect the period of benefit from intended use after reflecting further possible technological advancement and market conditions.

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **3 Turnover**

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

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
United Kingdom	106,618	101,656
Europe	42,446	39,299
North America	23,847	23,949
Asia Pacific	3,921	3,119
	<u>176,832</u>	<u>168,023</u>

#### **4 Operating profit**

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

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Amortisation of intangible fixed assets	3,687	2,779
Depreciation of tangible fixed assets	2,015	1,815
Impairment of financial assets	8,834	7,840
Operating lease payments recognised as an expense	<u>4,812</u>	<u>2,488</u>

# **Bibby Financial Services Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

### **5 Auditors' remuneration**

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Audit of these financial statements	10	10
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>707</u>	<u>553</u>
	<u>717</u>	<u>563</u>
<b>Other fees to auditors</b>		
All other assurance services	<u>149</u>	<u>72</u>

### **6 Directors' remuneration**

The directors' remuneration for the year was as follows:

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Remuneration	1,530	1,746
Contributions paid to defined contribution pension schemes	40	36
Monetary wage based compensation for loss of office	<u>-</u>	<u>90</u>
	<u>1,570</u>	<u>1,872</u>

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

	<b>2018 No.</b>	<b>2017 No.</b>
Accruing benefits under defined contribution pension schemes	<u>3</u>	<u>3</u>

In respect of the highest paid director:

	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Remuneration	<u>436</u>	<u>553</u>

# **Bibby Financial Services Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

### **7 Staff costs**

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

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Wages and salaries	66,416	62,477
Social security costs	8,315	8,467
Pension costs	2,136	1,943
	<u>76,867</u>	<u>72,887</u>

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

	<b>2018</b>	<b>2017</b>
	<b>No.</b>	<b>No.</b>
United Kingdom	831	831
Rest of Europe	326	303
North America	143	145
Asia Pacific	24	26
	<u>1,324</u>	<u>1,305</u>

### **8 Other interest receivable and similar income**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Bank interest receivable	<u>685</u>	<u>483</u>

### **9 Interest payable and similar charges**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Interest on bank overdrafts and borrowings	31,130	20,197
Interest on obligations under finance leases and hire purchase contracts	209	-
	<u>31,339</u>	<u>20,197</u>



## Bibby Financial Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 10 Taxation

##### Tax charged:

	2018 £ 000	2017 £ 000
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	(1,151)	(1,028)
Foreign tax	2,216	2,452
Foreign tax adjustment to prior periods	958	-
	<u>3,174</u>	<u>2,452</u>
Total current income tax	<u>2,023</u>	<u>1,424</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	936	988
Adjustments to prior period	(3,241)	772
Total deferred taxation	<u>(2,305)</u>	<u>1,760</u>
Tax (credit)/charge for the year	<u>(282)</u>	<u>3,184</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%). The differences are reconciled below:

	2018 £ 000	2017 £ 000
Profit before tax	<u>14,973</u>	<u>22,703</u>
Corporation tax at standard rate	2,845	4,370
Effect of expense not deductible in determining taxable profit	520	320
Tax decrease as a result of claims to United Kingdom group loss relief, in utilising losses of fellow subsidiaries of the ultimate parent undertaking	(957)	(1,777)
Tax decrease from the utilisation of foreign tax losses brought forward	(225)	(109)
Tax increase arising from higher rates of tax suffered on foreign territory earnings	377	804
Other tax effects for reconciliation between accounting profit and taxable profit	592	(168)
Decrease in tax from net adjustments for prior periods	<u>(3,434)</u>	<u>(256)</u>
Tax (credit)/charge for the year	<u>(282)</u>	<u>3,184</u>

##### Factors that may affect future tax charges:

The Group is profit making in the United Kingdom and is currently utilising losses controlled by its ultimate parent undertaking to reduce its taxable income, as well as optimising tax depreciation strategy to absorb these losses. This is currently reflected in its lower tax charges and by revisions and reductions in prior year tax. Corporation tax rates in the United Kingdom will reduce to 17% by 2020. These tax rate reductions have no material impact on the provisions made in the current financial statements.

## Bibby Financial Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### Deferred tax

##### Group

##### Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000
<b>2018</b>		
Differences between capital allowances and depreciation	521	-
Trading losses	175	-
Other timing differences	1,826	-
	<u>2,522</u>	<u>-</u>
<b>2017</b>	Asset £ 000	Liability £ 000
Differences between capital allowances and depreciation	268	2,080
Trading losses	-	-
Other timing differences	1,947	-
	<u>2,215</u>	<u>2,080</u>

Deferred tax assets include £521,000 (2017: £268,000) in respect of book depreciation in excess of tax depreciation, originating in the United Kingdom and from optimising tax depreciation strategy to absorb losses controlled by its ultimate parent undertaking. It is expected that deferred tax assets originating as a result of this tax depreciation strategy will be realised between 2019 and 2021, as losses become fully utilised.

##### Company

##### Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000
<b>2018</b>		
Differences between capital allowances and depreciation	204	-
<b>2017</b>	Asset £ 000	Liability £ 000
Differences between capital allowances and depreciation	-	1,971

## Bibby Financial Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 11 Investments

##### Company

	2018 £ 000	2017 £ 000
Investments in subsidiaries	<u>61,850</u>	<u>61,850</u>

A full list of subsidiary undertakings and companies included in the consolidation are reported in Note 23 to the Financial Statements.

#### 12 Intangible fixed assets

##### Group

	Goodwill £ 000	Leased software with secured financing £ 000	Software and development £ 000	Total £ 000
<b>Cost</b>				
At 1 January 2018	18,455	-	37,872	56,327
Additions	-	-	16,757	16,757
Reclassifications	-	3,942	(3,942)	-
At 31 December 2018	<u>18,455</u>	<u>3,942</u>	<u>50,687</u>	<u>73,084</u>
<b>Amortisation and impairment</b>				
At 1 January 2018	18,455	-	9,926	28,381
Amortisation charge for the year	-	82	3,605	3,687
Exchange differences	-	-	123	123
At 31 December 2018	<u>18,455</u>	<u>82</u>	<u>13,654</u>	<u>32,191</u>
<b>Carrying amount</b>				
At 31 December 2018	<u>-</u>	<u>3,860</u>	<u>37,033</u>	<u>40,893</u>
At 31 December 2017	<u>-</u>	<u>-</u>	<u>27,946</u>	<u>27,946</u>

# **Bibby Financial Services Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

### **Company**

	<b>Leased software with secured financing £ 000</b>	<b>Software and development £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>			
At 1 January 2018	-	37,062	37,062
Additions	-	14,725	14,725
Reclassifications	3,942	(3,942)	-
At 31 December 2018	<u>3,942</u>	<u>47,845</u>	<u>51,787</u>
<b>Amortisation</b>			
At 1 January 2018	-	9,529	9,529
Amortisation charge	82	3,380	3,462
At 31 December 2018	<u>82</u>	<u>12,909</u>	<u>12,991</u>
<b>Carrying amount</b>			
At 31 December 2018	<u>3,860</u>	<u>34,936</u>	<u>38,796</u>
At 31 December 2017	<u>-</u>	<u>27,533</u>	<u>27,533</u>

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

The first item carrying amount of as at the end of the financial year is £6,298,000 (2017: £7,281,000) and the remaining amortisation period is 5 years.

The second item carrying amount as at the end of the financial year is £3,121,000 (2017: Nil) and the remaining amortisation period is 8 years.

# **Bibby Financial Services Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

### **13 Tangible fixed assets**

#### **Group**

	<b>Office equipment £ 000</b>	<b>Leased equipment with secured financing £ 000</b>	<b>Leasehold improvements £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>				
At 1 January 2018	24,818	659	1,908	27,385
Additions	1,244	1,310	-	2,554
Disposals	(845)	-	-	(845)
Foreign exchange movements	139	-	-	139
At 31 December 2018	<u>25,356</u>	<u>1,969</u>	<u>1,908</u>	<u>29,233</u>
<b>Depreciation</b>				
At 1 January 2018	10,295	66	1,650	12,011
Charge for the year	1,989	26	-	2,015
Eliminated on disposal	(205)	-	-	(205)
Foreign exchange movements	107	-	-	107
At 31 December 2018	<u>12,186</u>	<u>92</u>	<u>1,650</u>	<u>13,928</u>
<b>Carrying amount</b>				
At 31 December 2018	<u>13,170</u>	<u>1,877</u>	<u>258</u>	<u>15,305</u>
At 31 December 2017	<u>14,523</u>	<u>593</u>	<u>258</u>	<u>15,374</u>

# **Bibby Financial Services Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

### **Company**

	<b>Office equipment £ 000</b>	<b>Leased equipment with secured financing £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>			
At 1 January 2018	13,976	659	14,635
Additions	<u>2,333</u>	<u>1,205</u>	<u>3,538</u>
At 31 December 2018	<u>16,309</u>	<u>1,864</u>	<u>18,173</u>
<b>Depreciation</b>			
At 1 January 2018	2,450	66	2,516
Charge for the year	<u>1,483</u>	<u>108</u>	<u>1,591</u>
At 31 December 2018	<u>3,933</u>	<u>174</u>	<u>4,107</u>
<b>Carrying amount</b>			
At 31 December 2018	<u>12,376</u>	<u>1,690</u>	<u>14,066</u>
At 31 December 2017	<u>11,526</u>	<u>593</u>	<u>12,119</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2018 £ 000</b>	<b>2017 £ 000</b>	<b>2018 £ 000</b>	<b>2017 £ 000</b>
Cash at bank	<u>56,939</u>	<u>25,550</u>	<u>2,317</u>	<u>3,137</u>
Bank balances	56,939	25,550	2,317	3,137
Bank overdrafts recorded within creditors	<u>(4,842)</u>	<u>(25,610)</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents in statement of cash flows	<u>52,097</u>	<u>(60)</u>	<u>2,317</u>	<u>3,137</u>

# **Bibby Financial Services Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

### **15 Debtors**

	Note	Group		Company	
		2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
Trade debtors		1,021,051	1,022,053	-	-
Finance lease receivables		69,286	70,221	-	-
Derivative financial instruments held at fair value	22	632	412	-	-
Amounts owed by ultimate parent undertakings or controlled group undertakings		8,490	2,000	4,820	8,127
Prepayments		34,911	29,424	4,012	2,424
Other debtors		13,250	17,138	524	457
Deferred tax assets	10	2,522	2,215	204	-
<b>Total current trade and other debtors</b>		<b>1,150,142</b>	<b>1,143,463</b>	<b>9,560</b>	<b>11,008</b>

	Group	
	2018 £ 000	2017 £ 000
Assigned debts receivable	1,452,744	1,359,353
Impairment provision	(27,070)	(25,903)
Less deferred assignment consideration owed to factoring clients where there is a full right of recourse	(404,623)	(311,397)
<b>Total trade debtors</b>	<b>1,021,051</b>	<b>1,022,053</b>

	Group	
	2018 £ 000	2017 £ 000
Gross finance receivables	69,455	70,865
Impairment provision	(169)	(644)
<b>Total finance lease receivables</b>	<b>69,286</b>	<b>70,221</b>

Included within Net Investment in Finance Leases is £30,536,000 (2017: £31,639,000) which falls due after more than one year.

# **Bibby Financial Services Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

### **16 Creditors**

	Note	Group		Company	
		2018 £ 000	2017 £ 000	2018 £ 000	2017 £ 000
<b>Due within one year</b>					
Loans and borrowings	22	100,257	52,703	1,635	1,936
Derivative financial instruments held at fair value	22	437	136	-	-
Amounts due to group undertakings		-	-	34,552	6,387
Trade creditors		135,678	197,720	279	-
Social security and other taxes		4,153	1,860	1,719	-
Corporation tax		2,351	-	-	-
Accrued expenses		<u>15,071</u>	<u>16,847</u>	<u>2,097</u>	<u>1,057</u>
		<u>257,947</u>	<u>269,266</u>	<u>40,282</u>	<u>9,380</u>
<b>Due after one year</b>					
Loans and borrowings	22	<u>814,363</u>	<u>747,636</u>	<u>6,564</u>	<u>-</u>

### **17 Share capital**

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

	2018		2017	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>62,600</u>	<u>62,600</u>	<u>62,600</u>	<u>62,600</u>



## Bibby Financial Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 18 Dividends

	2018 £ 000	2017 £ 000
Dividends paid to corporate shareholder based on prior year financial performance	<u>18,801</u>	<u>6,800</u>

The directors are proposing a dividend of £10,000,000 (2017 - £18,800,000) in respect of the year. This dividend has not been accrued in the Company Balance Sheet.

#### 19 Obligations under operating leases

##### Group

##### Operating leases

The total of future minimum lease payments is as follows:

	2018 £ 000	2017 £ 000
Not later than one year	4,460	4,182
Later than one year and not later than five years	11,587	9,913
Later than five years	<u>4,037</u>	<u>2,689</u>
	<u>20,084</u>	<u>16,784</u>

##### Company

##### Operating leases

The total of future minimum lease payments is as follows:

	2018 £ 000	2017 £ 000
Not later than one year	607	583
Later than one year and not later than five years	2,281	1,689
Later than five years	<u>2,547</u>	<u>1,169</u>
	<u>5,435</u>	<u>3,441</u>

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **20 Pension and other schemes**

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

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

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

A Scheme deficit of £3,215,000 (2017: £2,906,000) is noted in the financial statements of the principal employer, Bibby Line Group Limited. In being unable to identify its share of the underlying assets and liabilities of the scheme, the Company accounts for scheme as if it were defined contribution, however the scheme was closed to new entrants in April 2000 and closed to future accrual for existing members in September 2011.

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

The pension charge for the year represents contributions payable to publicly or privately administered defined contribution pension plans and amounts £2,136,000 (2017 - £1,943,000).

#### **21 Financial guarantee contracts**

##### **Group**

The Group has provided £1,895,000 (2017: £1,876,000) of unrepresented letters of credit to client suppliers and government agencies. These guarantees have been issued by banks on behalf of relevant Group companies.

##### **Company**

The Company guarantees all of the financing facilities of its subsidiaries as listed in note 22 to the financial statement through fixed and floating charges over its assets, apart from UK Securitisation where alternatively the performance of clients is guaranteed.

## Bibby Financial Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 22 Financial instruments

##### Group

Financial instrument objectives and policies are reported in the Strategic Report on page 2 of the Annual Report. The following table summarises the financial instruments of the Group included in the Consolidated Balance Sheet:

##### Categorisation of financial instruments

	2018 £ 000	2017 £ 000
Financial assets that are basic debt instruments, including trade debtors and finance lease receivables that are measured at amortised cost or net investment, less any impairment provision	1,090,337	1,092,274
Other financial assets including other debtors and cash and cash equivalents, that are measured at amortised cost	116,112	76,327
Financial assets that are derivative instruments used within foreign exchange trading businesses and not for direct Group hedging purposes, measured at fair value through turnover of that business	632	412
	<u>1,207,081</u>	<u>1,169,013</u>
Financial liabilities that are basic financial instruments and external financial debt liabilities including overdrafts, funding notes and loans and borrowings, measured on an amortised cost basis	909,323	799,778
Financial liabilities that are external finance lease and hire purchase agreements, secured on underlying plant, equipment and intangible assets recorded in fixed assets	5,297	561
Other financial liabilities, including trade and other payables that are measured on an amortised cost basis	157,253	216,427
Financial liabilities that are derivative instruments used within foreign exchange trading businesses and not for direct Group hedging purposes measured at fair value through turnover of that business	437	136
	<u>1,072,310</u>	<u>1,016,902</u>

##### Credit quality of financial assets that are basic financial instruments

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

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

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

# **Bibby Financial Services Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Performing	1,050,404	1,064,730
Non-performing	67,172	54,091
Impairment provision	<u>(27,239)</u>	<u>(26,547)</u>
Total financial assets that are trade debtors and finance lease receivables and measured at amortised cost	<u>1,090,337</u>	<u>1,092,274</u>

	<b>Group</b>	
	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
Provision for impairment of financial assets, being trade debtors and finance lease receivables, at 1 January	26,547	27,258
New provisions charged to profit and loss	8,834	7,840
Financial assets written off	(8,298)	(9,290)
Recoveries on previous financial assets written off	111	899
Reduction due to discontinued operations	8,490	-
Exchange differences	<u>45</u>	<u>(160)</u>
Provision for impairment of financial assets, being trade debtors and finance lease receivables, at 31 December	<u>35,729</u>	<u>26,547</u>

### **Credit quality of derivative financial instruments**

	<b>2018</b>	<b>2017</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Derivative contracts with a positive fair value recorded within debtors</b>		
Derivatives bought from BBB rated financial currency vendors	294	-
Derivatives sold to counterparties without published external credit rating	<u>338</u>	<u>421</u>
	<u>632</u>	<u>421</u>
<b>Derivative contracts with a negative fair value recorded within creditors due within 1 year</b>		
Derivatives bought from BBB rated financial currency vendors	(268)	(96)
Derivatives sold to counterparties without published external credit rating	<u>(169)</u>	<u>(40)</u>
	<u>(437)</u>	<u>(136)</u>

## Bibby Financial Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### Loans and borrowings analysis

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

	Group	
	2018	2017
	£ 000	£ 000
UK securitised senior variable fund notes, secured by primary charge on trade receivables and floating charges over assets of certain subsidiaries. Facility carries variable interest above interbank rates	418,032	437,988
UK junior notes, secured by secondary charge on trade receivables and floating charges over assets of certain subsidiaries. Facility carries variable interest above interbank rates	105,000	-
Other UK overdraft, block discounting and revolving credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facility carry variable interest above interbank rates	62,762	66,430
Various European overdraft and back-to-back credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facilities carry variable interest above interbank rates	233,702	194,804
North American overdraft and credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facility carries variable interest above interbank rates	71,073	87,333
Various Asia Pacific credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facilities carry variable interest above interbank rates	15,993	11,848
Various asset amortising loans of the Company, secured on equipment recorded within tangible fixed assets and software recorded in intangible fixed assets	2,761	1,375
Finance leases of the Company, secured on equipment recorded within tangible fixed assets and software recorded in intangible fixed assets	5,297	561
	<u>914,620</u>	<u>800,339</u>

#### Maturity of financial liabilities

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

	Within 1 to 12 months £ 000	Within 1 to 5 years £ 000	Greater than 5 years £ 000	Total £ 000
Bank overdrafts	4,842	-	-	4,842
Senior and junior funding notes	-	523,032	-	523,032
Bank loans	93,920	287,529	-	381,449
Finance leases	1,495	3,802	-	5,297
Derivative financial instruments	437	-	-	437
Trading and other payables	157,253	-	-	157,253
	<u>257,947</u>	<u>814,363</u>	<u>-</u>	<u>1,072,310</u>

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

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

The Group is exposed to translation risk on its overseas subsidiaries. No specific financial instruments are used to protect against the risk. At the 31 December, if sterling weakened 10% against the world's major currencies, shareholders' funds would be £7,500,000 (2017: £7,200,000) higher. Conversely, if Sterling strengthened 10% against the world's major currencies, shareholders' funds would be £4,700,000 (2017: £5,900,000) lower.

## Bibby Financial Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 23 List of subsidiary undertakings

##### Group

##### Details of undertakings

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are listed below.

\* indicates direct investment of the company

\*\* indicates UK subsidiary taking exemption from audit under section 479A of the Companies Act 2006 for the year ending 31 December 2018.

Undertaking	Country of incorporation	Holding	Voting rights and shares held	
			2018	2017
Subsidiary undertakings				
Bibby Debt Finance Limited*	England**	Ordinary	100%	100%
Bibby Finance 2 Limited*	England**	Ordinary	100%	100%
Bibby FS (Holdings) Limited*	England**	Ordinary	100%	100%
Bibby Financial Services (UK) Limited	England	Ordinary	100%	100%
Bibby Asset Finance Limited	England**	Ordinary	100%	100%
Bibby Leasing Limited	England	Ordinary	100%	100%
Bibby Corporate Finance Solutions Limited	England	Ordinary	100%	100%
Bibby Trade Services Limited	England	Ordinary	100%	100%
Bibby Financial Services (FX) Limited	England	Ordinary	100%	100%
Bibby Foreign Exchange Limited	England	Ordinary	100%	100%
Bibby Financial Services (INS) Limited*	England	Ordinary	100%	0%
Bibby Invoice Finance Limited	England	Ordinary	100%	100%
Bibby ACF Limited	England**	Ordinary	100%	100%
Bibby Factors Bedford Limited	England**	Ordinary	100%	100%
Bibby Factors Borehamwood Limited	England**	Ordinary	100%	100%
Bibby Factors Bristol Limited	England**	Ordinary	100%	100%
Bibby Factors Leicester Limited	England**	Ordinary	100%	100%
Bibby Factors Limited	England**	Ordinary	100%	100%
Bibby Factors Manchester Limited	England**	Ordinary	100%	100%
Bibby Factors Northeast Limited	England**	Ordinary	100%	100%
Bibby Factors Northwest Limited	England**	Ordinary	100%	100%

## Bibby Financial Services Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

Bibby Factors Scotland Limited	Scotland**	Ordinary	100%	100%
Bibby Factors Slough Limited	England**	Ordinary	100%	100%
Bibby Factors Sussex Limited	England**	Ordinary	100%	100%
Bibby Factors Wessex Limited	England**	Ordinary	100%	100%
Bibby Factors Yorkshire Limited	England**	Ordinary	100%	100%
Bibby Factors International Limited	England**	Ordinary	100%	100%
Bibby Trade Factors Limited	England**	Ordinary	100%	100%
Bibby Invoice Discounting Limited	England**	Ordinary	100%	100%
Bibby Revolving Finance Limited	England**	Ordinary	100%	100%
Bibby Transactional Finance Limited	England**	Ordinary	100%	100%
Bibby Financial Services (INS) Limited	England	Ordinary	100%	0%
Bibby Management Services Limited	England**	Ordinary	100%	100%
Factoring UK Group Limited	England**	Ordinary	100%	100%
Cashflow UK Limited	England**	Ordinary	100%	100%
Bibby Financial Services (Europe) Limited	England	Ordinary	100%	100%
Bibby Factors France S.A.	France	Ordinary	100%	100%
Bibby Financial Services (Ireland) Limited	Ireland	Ordinary	100%	100%
Bibby Financial Services GmbH	Germany	Ordinary	100%	100%
Bibby Financial Services B.V.	Netherlands	Ordinary	100%	100%
Bibby Financial Services A.B.	Sweden	Ordinary	100%	100%
Bibby Financial Services SP. z.o.o	Poland	Ordinary	100%	100%
Bibby Financial Services, a.s.	Czech Republic	Ordinary	100%	100%
Bibby Factoring Slovakia, a.s.	Slovakia	Ordinary	100%	100%
Bibby Financial Services (Holdings), Inc.	USA	Ordinary	100%	100%
Bibby Financial Services (CA), Inc.	USA	Ordinary	100%	100%
Bibby Financial Services (Midwest), Inc.	USA	Ordinary	100%	100%
Bibby International Trade Finance, Inc.	USA	Ordinary	100%	100%
Bibby Transportation Finance, Inc.	USA	Ordinary	100%	100%
Bibby Financial Services (Canada) Inc.	Canada	Ordinary	100%	100%
Bibby Financial Services (India) Pvt Limited	India	Ordinary	75%	75%
Bibby Financial Services (Singapore) Pte Limited	Singapore	Ordinary	100%	100%
Bibby Factoring Services (Malaysia) Sdn Bhd	Malaysia	Ordinary	100%	100%
Bibby Financial Services (Asia) Limited	Hong Kong	Ordinary	100%	100%



## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **Principal activities and details of registered offices**

The principal activity of Bibby Debt Finance Limited is asset financing. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 06740659.

The principal activity of Bibby Finance 2 Limited is asset financing. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 05837447.

The principal activity of Bibby FS (Holdings) Limited is investment holding and management services. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 03143108.

The principal activity of Bibby Financial Services (UK) Limited is investment holding and management services. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 09341390.

The principal activity of Bibby Asset Finance Limited is investment holding and management services. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 4044911.

The principal activity of Bibby Leasing Limited is asset financing. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 588708.

The principal activity of Bibby Corporate Finance Solutions Limited is inventory finance and debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ. The company registration number is 10530810.

The principal activity of Bibby Trade Services Limited is trade financing. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 03530463.

The principal activity of Bibby Financial Services (FX) Limited is investment holding and management services. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 09343375.

The principal activity of Bibby Foreign Exchange Limited is foreign exchange services. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 09353026.

The principal activity of Bibby Financial Services (INS) Limited is insurance agency and brokering. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 11283983.

The principal activity of Bibby Invoice Finance Limited is investment holding, management and financing services. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 09351311.

The principal activity of Bibby ACF Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 02885198.

The principal activity of Bibby Factors Bedford Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 4290368.

The principal activity of Bibby Factors Borehamwood Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 00388715.

The principal activity of Bibby Factors Bristol Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 3171249.

The principal activity of Bibby Factors Leicester Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 02989348.

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

The principal activity of Bibby Factors Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 00584342.

The principal activity of Bibby Factors Manchester Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 04296744.

The principal activity of Bibby Factors Northeast Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 03653980.

The principal activity of Bibby Factors Northwest Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 00557149.

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

The principal activity of Bibby Factors Slough Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 02617760.

The principal activity of Bibby Factors Sussex Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 03847904.

The principal activity of Bibby Factors Wessex Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 04918703.

The principal activity of Bibby Factors Yorkshire Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 04918173.

The principal activity of Bibby Factors International Limited is debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 04081220.

The principal activity of Bibby Trade Factors Limited is trade financing. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 05303859.

The principal activity of Bibby Invoice Discounting Limited is confidential debt factoring. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 04105467.

The principal activity of Bibby Revolving Finance Limited is trade financing. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 07693461.

The principal activity of Bibby Transactional Finance Limited is transactional financing. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 07693401.

The principal activity of Bibby Financial Services (INS) Limited is insurance agency services. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 11283983.

The principal activity of Bibby Management Services Limited is management services. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 04917962.

The principal activity of Factoring UK Group Limited is brokerage. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 05245631.

The principal activity of Cashflow UK Limited is brokerage. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom. The company registration number is 04010670.

The principal activity of Bibby Financial Services (Europe) Limited is investment holding and management services. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ, United Kingdom.

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

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

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

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

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

The principal activity of Bibby Financial Services A.B. is debt factoring. The address of its registered office is c/o Bibby Financial Services Limited, 105 Duke Street, Liverpool L1 5JQ, UK.

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Bibby Financial Services Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

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

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

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

#### **Details of dormant undertakings incorporated in England**

**Bibby Finance 1 Limited.** The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ. The company registration number is 05837446.

**BFS Corporate Financial Solutions Limited.** The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ. The company registration number is 05368559.

**Bibby Foreign Exchange Solutions Limited.** The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ. The company registration number is 09353072.

**Global Management Services Limited.** The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ. The company registration number is 04331246.