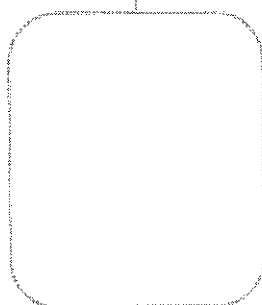
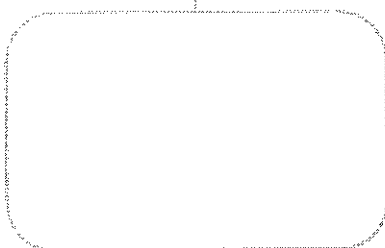
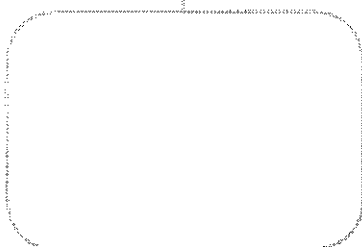


Annual Review 2004



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Bibby Financial Services Limited

Ultimate Parent Undertaking
Bibby Line Group Limited

Directors

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

Secretary

Bibby Bros. & Co. (Management) Limited

Registered Office

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

Auditors

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

Chief Executive's Statement

David Robertson *Chief Executive*

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

For the Financial Services Group, 2004 proved to be a challenging year. Parts of our business experienced tremendous growth whilst our core UK factoring business came under pressure as a result of market forces. Our investment continued to focus on developing our overseas markets and in broadening our portfolio of products to meet the demands of our markets and clients.

Looking at our core UK business, 2004 saw a dramatic change in marketplace conditions with the recognition that it had reached maturity. In general the growth in the level of demand for finance from business declined. This resulted in an aggressive fight for clients' business from both clearing banks and the wealth of other finance providers. This has had an impact with margins coming under increasing pressure as a result. Whilst some in our industry decided to sit and wait for growth levels to return, we took the decision that the business had to react and I am delighted to say that we have responded both quickly and decisively.

We brought together a senior management team who confronted the facts and responded by developing a new vision and strategy for the next 10 years. As you can expect from a progressive group of companies it focuses on growth – both in terms of new markets and new products. Our new vision is clear, by 2014 we want to be present in 10 countries with 40 companies offering a broad portfolio of financial and business support products contributing £50m profit.

A challenge indeed! In order to help us achieve this the Group has developed a set of ten strategic projects, which focus on both growth and efficiencies. Each project has a sponsor who is both responsible for driving the project and being accountable for the deliverables.

Looking back to our UK business, we needed to address the changing climate in the UK and, as a result, took the decision to restructure our business model to maintain our market

position and to bring efficiencies in order to generate funds for investing in our growth areas. We implemented a consolidation program, which involved closing three of our factoring offices. I must thank all those involved especially our operations teams who responded to the increased workload with the enthusiasm and dedication that I have come to expect from them.

As a result of the decline in margins from the UK market before exceptional restructuring, costs we only managed to maintain the profit before tax at similar levels to the previous year, which on the face of it is a disappointing result but one which doesn't truly reflect some of the successes achieved in the business during the year. The results do, however, reflect a significant increase the amount of bad debts incurred.

Clients and employees remain key stakeholders in our success. Our strategy continues to focus on a product development program, which delivers added value to our clients' business. This is so important in a marketplace as competitive as ours. We have shared our new vision with both our clients and employees and their reaction has been positive. The energy and enthusiasm so evident within all the team has been a huge contributory factor in our success. Our employees continue to make us proud by working hard to deliver a market leading service.

We are confident that our new strategy will deliver value to clients, employees and shareholders alike. Our programme for long-term growth will be delivered through persistent effort, sound investment and the dedication of our team. We are all on board and are excited about where we are going in 2005 and beyond.

I have said this before but none of the above could have been achieved or will be achieved without the dedication and drive of our employees. Their continued support is critical to our plans for the future, and I wish to offer them my heartfelt thanks for their hard work and outstanding effort during 2004.

2004 Business Review

Mark Cleaver *Director*

Overview

The difficult trading conditions which were apparent at the end of 2003 continued throughout 2004. Factoring, our core marketplace, showed definite signs of maturity with industry growth levels on the decline plateauing at 1% by the year-end. Although the Group experienced a very difficult year we continued to outperform the marketplace both in terms of client numbers and assignments.

UK Market

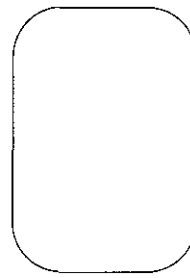
The UK factoring market has reached maturity with minimal growth in turnover of 1% and client number growth of 8% (although this is inflated due to a change in recording methodology). We continued to outperform the market and were pleased to show a year on year turnover growth of 23%. A significant part of this growth was as a result of our acquisition of Abbey National Cash Flow Finance's factoring book at the end of 2003.

Despite outperforming market growth due to an excellent sales and marketing effort, our UK factoring business experienced a turbulent time in 2004.

The market became increasingly competitive as the fight for new business became harder and margins once again came under pressure. Aggressive marketing campaigns have been employed by some competitors, with the objective of encouraging clients to switch provider.

As the market continued to change and become more difficult we recognised that we needed to adapt our business model to fit with our new marketplace. In response, we underwent a restructuring programme with the introduction of a new regional structure creating three Regional Managing Director posts whose responsibility it is to drive both growth and efficiencies from our UK factoring business. It also resulted in the closure of three factoring offices resulting in a loss of 93 people. Early indications are that this will deliver an estimated £2.5m per annum in savings from 2005 onwards.

Some of the strategic projects that we have developed to drive the business forward focus specifically on how we can



develop an edge over our competitors in our search for new factoring business.

There are some real successes in the UK, which we must highlight. Looking at our industry, there are growth areas in invoice discounting and international factoring which endorses our investment in these products over recent years. Industry turnover growth in these sectors stands at 16% and 12% respectively, which is positive news and is reflected in our positive performances during the year from both invoice discounting and international factoring.

Product Development

We were delighted with the exceptional performances of two new products launched in recent years. Both turned in impressive performances. Our Invoice Discounting business increased debts factored by 80% and produced an impressive 160% increase in its profit before tax. Our International Factoring business increased debts factored by 4% and also saw a substantial increase in its profitability.

2004 was a year of consolidation for our Trade Finance division. Historical problems were cleared leaving the business free to move forward in 2005.

Bibby Asset Finance - the asset finance team with their "Best Lessor of the Year" award 2004, as voted for by the Commercial Finance Industry

Our Asset Finance division saw continued improvement in its market niche, breaking even for the year following the successful reshaping of the business, its team and its industry profile. The national award as Best Lessor at the Business Finance & NACFB Awards in 2004 signalled our arrival as a force in the UK asset finance market. In the wake of record

new UK business start ups in 2004, the team is focusing on developing Bibby Financial Services as an increasingly prominent asset finance player to the SME market, which is hoped will manifest in continued success and profitability in 2005.

During 2004, we launched our suite of Business Support Services, which allows businesses to outsource non-core tasks such as payroll, VAT & PAYE calculation and payment, production of management accounts and health and safety checks.

Our product development program was re-emphasised as a key part of our new strategy as a result of the mature UK market and the need to develop new growth areas. In our fight for new business the need to differentiate becomes increasingly important. The need to add value to our client relationships has become a key focus in our drive to retain clients for longer. As part of our restructure we have created a new role, Product Development Director to drive this program forward over the next ten years.

Our focus moving into 2005 is to drive our product development program hard to better meet our clients' needs and to help give us an edge over our competitors.

Overseas Market Development

Our overseas development continued apace in 2004. We extended our US presence with the acquisition of the factoring business of Chicago based CIB Marine Commercial Financial LLC. We have retained the majority of the management team who have a wealth of industry knowledge experience and between them and will bring a positive contribution to our US strategy. The Chicago operation adds to our existing Florida and Californian presence. Debts factored rose by 144% to £116m reflecting the acquisition of Chicago with £27.6m debts factored for the 7-month period. The USA achieved an impressive 87% rise in its profit before tax.

Australia had an encouraging year with debts factored up by 144% to £90m. The company reduced its trading loss by 40%, which was, in fact, disappointing; as if it had not been

for higher than anticipated bad debts the reduction in the trading loss would have been much greater.

Members of the new Bibby Financial Services Chicago team

Our Polish operation moved forward during 2004 with debts factored up by 240% and significantly reduced its trading loss. Our relationship with BZ WBK where we provide a back office factoring service for them continues with 82 clients now on stream.

To end on a surprising but pleasing note, our proposed entry into France, which was aborted in 2003 due to regulatory requirements, has been successfully resurrected. Through persistent effort by our team on the ground in France, we have been granted a factoring licence from the Banque de France in the last quarter of 2004. We are now working towards a full launch in 2005. However, due to regulatory requirements in France, it was decided that the French factoring company should be a direct subsidiary of Bibby Line Group Limited.

We now have everything in place to ensure our UK operation becomes more efficient and to focus our efforts on expanding both our product portfolio and our presence in overseas markets. As such we look forward with confidence and expect that we will achieve a significant uplift in profit for 2005.

2004 Financial Highlights

Ian Downing *Finance Director*

| Financial Highlights | 2004 | 2003 | |
|------------------------|---------|---------|------|
| Debts Factored | £2,752m | £2,224m | +24% |
| Turnover | £65.9m | £53.4m | +23% |
| UK Restructuring Costs | £2.2m | £-m | NA |
| Profit Before Tax | £9.6m | £11.8m | -18% |

In 2004 the group's factoring division saw an increase in debts factored of 24% on 2003 to £2,752 million. This is an excellent performance against a backdrop of a benign economy.

Bibby Financial Services' gross income saw strong growth of 23% from £53m in 2003 to £66m in 2004.

Our financial results reflect the challenging year we had as well as the results of our restructuring process. Operating profit saw a modest increase of 4% to £18.7m despite incurring restructuring costs of £2.2m.

Profit before tax fell from £11.8m in 2003 to £9.6m in 2004. However, before the restructuring costs there was, in fact, a very modest rise in pre-tax profits in 2004.

The Financial Services Group continues to be seen as a strong performer amongst our funders with a desire to seek out growth sectors to continue ensuring the success of our Group. We have shared our new ten year vision and strategy with them and have received their full support.

In March 2005, the Group refinanced the UK and Australian businesses. These new facilities will help ensure that the Group has the funding facilities to help achieve the Group's new ten year strategy.

2004 Directors' Report

Activities

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

Trading Result

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

Changes in Fixed Asset Investments

The Company acquired shares in the capital of the following company, at par:

Bibby Group of Factors Limited – 2,900,000 Ordinary £1 Shares on 29th December 2004.

Development of the Business

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

On the 1st November 2004 the company re-organised the UK operating companies in order to take account of the increased maturity of the market in which it operates.

Dividend

The Directors propose that a dividend of 3.98p (2003 - 5.07p) per share be paid to the holders of the Ordinary £1 Shares at 31 December 2004.

Employment Policies

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

It is the Group's policy to promote the understanding and involvement of all employees in its business aims and performance. The policy of the Group is to give full and fair consideration to applications for employment made by disabled persons. If any employee becomes disabled whilst employed by a Group company, every effort is made to find suitable continuing employment, with re-training as necessary. Disabled persons share equally in the opportunities available for training, career development and promotion.

Directors

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

Michael James Bibby - Chairman
David Albert Robertson - Chief Executive
Mark John Cleaver
Ian Downing
Jonathan Haymer
Trevor Rex Patching

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

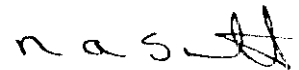
The interests of M. J. Bibby, D. A. Robertson and J. Haymer in the shares of Bibby Line Group Limited are disclosed in the directors' report of that company.

Charitable and Political Donations

During the year the Group donated £9,300 to charities and made no political donations.

Auditors

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



By Order of the Board

Bibby Bros. & Co. (Management) Limited
Secretary

11 April 2005

Statement of Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that year. In preparing those financial statements, the Directors are required to:

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

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Independent Auditors to the Members of Bibby Financial Services Limited

We have audited the financial statements on pages 7 to 19.

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

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described above, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
KPMG LLP
 Chartered Accountants
 Registered Auditor

11 April 2005

Group Profit and Loss Account year ended 31 December 2004

| | Note | 2004 £000 | 2004 £000 | 2003 £000 |
|---|------|--------------|--------------|--------------|
| Turnover | 2 | | 65,871 | 53,398 |
| Operating Costs - Ordinary Activities | | (44,992) | | (35,368) |
| Operating Costs - UK Restructuring Costs | | (2,197) | | - |
| | | | (47,189) | (35,368) |
| Operating Profit | | | 18,682 | 18,030 |
| Interest Receivable | | | 20 | 43 |
| Interest Payable and Similar Charges | 3 | | (9,089) | (6,313) |
| Profit on Ordinary Activities Before Taxation | 4 | | 9,613 | 11,760 |
| Taxation | 5 | | (3,157) | (3,538) |
| Profit for the Financial Year | | | 6,456 | 8,222 |
| Dividends Payable | 6 | | (2,152) | (2,741) |
| Amount Transferred to Reserves | 16 | | 4,304 | 5,481 |

The Parent Company has not presented its own profit and loss account as permitted by Schedule 4, section 230, of the Companies Act 1985. The Parent Company made a profit for the financial year of £2,427,000 (2003 - £3,998,000)

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

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

Statement of Total Group Recognised Gains and Losses year ended 31 December 2004

| | Note | 2004 £000 | 2003 £000 |
|--|------|--------------|--------------|
| Profit for the Financial Year | | 6,456 | 8,222 |
| Currency Translation Difference on Foreign Currency Net Investment | 16 | (131) | (134) |
| Total Recognised Gains and Losses Relating to the Year | | 6,325 | 8,088 |

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

Balance Sheets as at 31 December 2004

| | | Parent Company | | Group | |
|--|------|----------------|---------------|----------------|----------------|
| | Note | 2004 £000 | 2003 £000 | 2004 £000 | 2003 £000 |
| Fixed Assets: | | | | | |
| Intangible Assets | 7 | - | - | 3,111 | 4,064 |
| Tangible Assets | 8 | - | - | 1,379 | 2,015 |
| Investments | 9 | 56,300 | 53,400 | - | - |
| | | <u>56,300</u> | <u>53,400</u> | <u>4,490</u> | <u>6,079</u> |
| Current Assets: | | | | | |
| Debtors | 10 | 5,415 | 8,639 | 435,448 | 436,334 |
| Cash at Bank and in Hand | 11 | 83 | 37 | 3,921 | 5,759 |
| | | <u>5,498</u> | <u>8,676</u> | <u>439,369</u> | <u>442,093</u> |
| Creditors (Amounts Falling Due Within One Year) | 12 | (2,368) | (2,921) | (242,098) | (236,642) |
| Net Current Assets | | <u>3,130</u> | <u>5,755</u> | <u>197,271</u> | <u>205,451</u> |
| Total Assets Less Current Liabilities | | <u>59,430</u> | <u>59,155</u> | <u>201,761</u> | <u>211,530</u> |
| Creditors (Amounts Falling Due After More Than One year) | | | | | |
| Provisions for Liabilities and Charges | 13 | - | - | 222 | - |
| | | <u>-</u> | <u>-</u> | <u>151,275</u> | <u>165,217</u> |
| Capital and Other Reserves: | | | | | |
| Called-Up Share Capital | 15 | 54,100 | 54,100 | 54,100 | 54,100 |
| Profit and Loss Account | 16 | 5,330 | 5,055 | (3,614) | (7,787) |
| Equity Shareholders' Funds | 17 | <u>59,430</u> | <u>59,155</u> | <u>50,486</u> | <u>46,313</u> |
| | | <u>59,430</u> | <u>59,155</u> | <u>201,761</u> | <u>211,530</u> |

Approved by the Board on 11 April 2005



D. A. ROBERTSON
Director

Group Cash Flow Statement year ended 31 December 2004

| | Note | 2004 £000 | 2003 £000 |
|---|----------|--------------|--------------|
| Net Cash Inflow from Operating Activities | 19 | 19,371 | 857 |
| Returns on Investments and Servicing of Finance: | | | |
| Interest Received | 20 | 43 | |
| Interest Paid | (9,128) | (6,087) | |
| | | (9,108) | (6,044) |
| Taxation: | | | |
| Taxation - Group Relief Purchased | (3,111) | (3,479) | |
| UK Tax Paid | (1,325) | (1,350) | |
| UK Tax Refunded | 1,350 | 1,190 | |
| Foreign Tax Paid | (21) | (141) | |
| | | (3,107) | (3,780) |
| Capital Expenditure and Financial Investment: | | | |
| Purchase of Tangible Fixed Assets | (458) | (945) | |
| Sale of Tangible Fixed Assets | - | 74 | |
| | | (458) | (871) |
| Acquisitions and Disposals: | | | |
| Purchase of Assets and Liabilities of a Business | (4,161) | (32,890) | |
| Net Cash Acquired | - | 255 | |
| | | (4,161) | (32,635) |
| Equity Dividends Paid | | (2,741) | (2,790) |
| Cash Outflow Before Financing | | (204) | (45,263) |
| Financing: | | | |
| New Loans | 32,167 | 52,486 | |
| Repayments of Amounts Borrowed | (33,796) | (10,000) | |
| Issue of Ordinary £1 Shares | - | 5,500 | |
| | 20,21 | (1,629) | 47,986 |
| (Decrease) / Increase in Cash | 20,21 | (1,833) | 2,723 |

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

Notes to the Financial Statements

1. Accounting Policies

Accounting Basis

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

Consolidation

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

Income Recognition

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

Bad Debts

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

Fixed Assets

Fixed assets are included at cost less accumulated depreciation.

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

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

Deferred Taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result

in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

Operating Leases

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

Pension Costs

The Group participates in the Bibby Line Group Limited defined benefit pension scheme. However, as it is not possible to separately identify the Group's assets and liabilities within the scheme, pension charges are accounted for as a defined contribution scheme and charged as incurred.

Payments to defined contribution schemes are charged as incurred.

Foreign Currencies

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

Goodwill

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

Related Party Transactions

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

Government Grants

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

Investments

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

2. Turnover

Of the turnover, £63,349,000 (2003 - £51,186,000) consists of factoring income. £56,316,000 (2003 - £48,244,000) of this income was derived from the UK and £7,033,000 (2003 - £2,942,000) from outside the UK. The remainder of turnover derived from trade and asset finance, of which all but £86,000 was earned in the UK. Gross debts factored and transactions financed during the year were £2,783m (2003 - £2,259m).

3. Interest Payable and Similar Charges

| | 2004 £000 | 2003 £000 |
|----------------------------------|--------------|--------------|
| On Loans from Parent Undertaking | - | 154 |
| On Bank Loans and Overdrafts | 9,089 | 6,159 |
| | <u>9,089</u> | <u>6,313</u> |

4. Profit on Ordinary Activities Before Taxation

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

| | 2004 £000 | 2003 £000 |
|--|--------------|--------------|
| Staff Costs: | | |
| Wages and Salaries | 18,222 | 15,032 |
| Social Security Costs | 1,597 | 1,346 |
| Pension Costs | 738 | 666 |
| Interest on Loans Wholly Repayable Within Five Years | 9,089 | 6,313 |
| Depreciation | 998 | 947 |
| Amortisation of Goodwill | 1,060 | 143 |
| Amortisation of Government Grant | (3) | (3) |
| Hire of Plant and Equipment | 655 | 662 |
| Rental of Property | 1,454 | 1,351 |
| Auditors' Remuneration for: | | |
| Audit (Company £1,000; 2003 - £1,000) | 146 | 101 |
| Other Services | - | - |
| | <u>-</u> | <u>-</u> |

5. Taxation

| | 2004 £000 | 2003 £000 |
|---|--------------|--------------|
| Corporation Tax Payable | 2,601 | - |
| Deferred Tax (Credit) / Charge (See Note 14) | (32) | 256 |
| Foreign Tax Charge | 191 | 126 |
| Payment for Group Relief | 397 | 3,111 |
| Under Provision for Payment for Group Relief in Previous Year | - | 45 |
| | <u>3,157</u> | <u>3,538</u> |

The current tax charge, excluding deferred tax, is higher (2003 - lower) than the anticipated charge. The anticipated charge is based on the average rate of tax (weighted in proportion to accounting profit) across the group.

| | 2004 £000 | 2003 £000 |
|---|--------------|--------------|
| Profit on Ordinary Activities Before Taxation | 9,613 | 11,760 |
| Profit on Ordinary Activities Multiplied by the Weighted Average Rate of Tax of 30% (2003 - 30%) | 2,884 | 3,528 |
| Group Relief not Paid For | (43) | (346) |
| The Difference Between Capital Allowances and Excess of Depreciation | 421 | 101 |
| Other Timing Differences | (389) | (358) |
| Expenses not Deductible for Tax Purposes | 164 | 120 |
| Adjustment in Respect of Previous Periods | - | 45 |
| Non Utilisation of Foreign Tax Losses | 107 | 164 |
| Higher Rates of Tax on Foreign Earnings | 45 | 28 |
| Current Tax Charge for Year | <u>3,189</u> | <u>3,282</u> |

| | | |
|----------------------|------|------|
| 6. Dividends Payable | 2004 | 2003 |
| | £000 | £000 |

On Ordinary £1 Shares:

Proposed Dividend of 3.98p

Per Share (2003 - 5.07p)

2,1522,741

7. Intangible Assets

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

| | |
|-------------------------------------|--------------|
| | 2004 |
| | £000 |
| Goodwill | |
| Cost | |
| At 1 January 2004 | 4,460 |
| Additions (See Note 18) | 126 |
| Exchange Difference | (25) |
| At 31 December 2004 | <u>4,561</u> |
| Amortisation | |
| At 1 January 2004 | 396 |
| Provision for the Year | 1,060 |
| Exchange Difference | (6) |
| At 31 December 2004 | <u>1,450</u> |
| Net Book Amount at 31 December 2004 | <u>3,111</u> |
| Net Book Amount at 31 December 2003 | <u>4,064</u> |

8. Tangible Assets

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

| | Leasehold Improvements £000 | Office Equipment £000 | Total £000 |
|-------------------------------------|-----------------------------------|-----------------------------|---------------|
| Cost | | | |
| At 1 January 2004 | 581 | 4,724 | 5,305 |
| Additions | 12 | 452 | 464 |
| Exchange Difference | - | 3 | 3 |
| Disposals | (154) | (1,383) | (1,537) |
| At 31 December 2004 | <u>439</u> | <u>3,796</u> | <u>4,235</u> |
| Accumulated Depreciation | | | |
| At 1 January 2004 | 225 | 3,065 | 3,290 |
| Provision for the Year | 61 | 937 | 998 |
| Exchange Difference | - | 3 | 3 |
| Disposals | (85) | (1,350) | (1,435) |
| At 31 December 2004 | <u>201</u> | <u>2,655</u> | <u>2,856</u> |
| Net Book Amount at 31 December 2004 | <u>238</u> | <u>1,141</u> | <u>1,379</u> |
| Net Book Amount at 31 December 2003 | <u>356</u> | <u>1,659</u> | <u>2,015</u> |

9. Investments

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

| | 2004 £000 | 2003 £000 |
|---|---------------|---------------|
| Investment in Subsidiary Undertakings | <u>56,300</u> | <u>53,400</u> |
| Shares in Wholly Owned Group Undertakings:- | | |
| Bibby Group of Factors Limited | 53,350 | 50,450 |
| Bibby Trade Services Limited (formerly Bibby Trade Finance Limited) | 2,000 | 2,000 |
| Bibby Asset Finance Limited | 950 | 950 |
| Bibby Management Services Limited | - | - |
| | <u>56,300</u> | <u>53,400</u> |

Bibby Group of Factors Limited holds the following investments:-

- Bibby Factors Bedford Limited
- Bibby Factors Borehamwood Limited (formerly Bibby Factors Limited)
- Bibby Factors Bristol Limited
- Bibby Factors International Limited
- Bibby Factors Leicester Limited
- Bibby Factors Limited (formerly Bibby Factors West Midlands Limited)
- Bibby Factors Manchester Limited
- Bibby Factors Polska Sp. z o.o. (operates in Poland)
- Bibby Factors Northeast Limited
- Bibby Factors Northwest Limited
- Bibby Factors Scotland Limited
- Bibby Factors Slough Limited
- Bibby Factors Sussex Limited
- Bibby Factors Yorkshire Limited
- Bibby Factors Wessex Limited
- Bibby Trade Factors Limited
- Bibby Financial Services Australia Pty Limited (operates in Australia)
- Bibby Invoice Discounting Limited
- Bibby Financial Services (Holdings) Inc. (operates in the USA) which has the following investments:-
- Bibby Financial Services (CA) Inc. (operates in the USA)
- Bibby Financial Services Inc. (operates in the USA)
- Bibby Financial Services (Midwest) Inc. (operates in the USA)

Bibby Trade Services Limited holds the following investments:-

- Bibby Connexions SAS (operates in France)

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

10. Debtors

| | Parent Company | | Group | |
|---|----------------|--------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £000 | £000 | £000 | £000 |
| Net Investment in Finance Leases | - | - | 4,323 | 4,144 |
| Trade Debtors | - | - | 428,083 | 428,682 |
| Prepayments and Accrued Income | 1 | 1 | 2,236 | 1,287 |
| Other Debtors | 8 | 1 | 65 | 134 |
| Amount Owed by Other Group Undertakings | 5,406 | 8,637 | - | - |
| UK Corporation Tax | - | - | - | 1,375 |
| Deferred Taxation (See Note 14) | - | - | 741 | 712 |
| | <u>5,415</u> | <u>8,639</u> | <u>435,448</u> | <u>436,334</u> |

Included in net investment in finance leases is £1,552,000 (2003-£1,608,000) which is due after more than one year.

11. Cash at Bank and in Hand

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

12. Creditors

| | Parent Company | | Group | |
|---|----------------|--------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £000 | £000 | £000 | £000 |
| <i>Amounts Falling Due Within One Year</i> | | | | |
| Trade Creditors | - | 4 | 203,537 | 208,552 |
| Amount Owed to Ultimate Parent Undertaking | - | - | 397 | 3,086 |
| Bank Loans and Overdrafts | - | - | 26,000 | 15,000 |
| Amounts Owed to Other Group Undertakings | - | 23 | 191 | 521 |
| Accruals and Deferred Income | 76 | 153 | 7,027 | 5,499 |
| Other Taxation and Social Security | - | - | 1,334 | 1,240 |
| Corporation Tax | 140 | - | 1,457 | - |
| Government Grant | - | - | 3 | 3 |
| Proposed Dividend | <u>2,152</u> | <u>2,741</u> | <u>2,152</u> | <u>2,741</u> |
| | <u>2,368</u> | <u>2,921</u> | <u>242,098</u> | <u>236,642</u> |
| <i>Amounts Falling Due After More Than One Year</i> | | | | |
| Bank Loans and Overdrafts | - | - | 151,044 | 164,054 |
| Government Grant | - | - | 9 | 12 |
| Accruals and Deferred Income | - | - | - | 1,151 |
| | <u>-</u> | <u>-</u> | <u>151,053</u> | <u>165,217</u> |

12. Creditors - continued

Bank loans and overdrafts are repayable as follows:

| | Parent Company | | Group | |
|----------------------------|----------------|------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £000 | £000 | £000 | £000 |
| Within One Year | - | - | 26,000 | 15,000 |
| Between One and Two Years | - | - | 52,434 | 67,543 |
| Between Two and Five Years | - | - | 98,610 | 96,511 |
| | - | - | <u>177,044</u> | <u>179,054</u> |

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

13. Provisions for Liabilities and Charges

Vacant Properties
£000

Group:

| | |
|-------------------------|------------|
| At 1 January 2004 | - |
| Profit and Loss Account | 222 |
| At 31 December 2004 | <u>222</u> |

The vacant property provision is expected to be utilised between 2005 and 2008

14. Deferred Taxation Asset

| | Parent Company £000 | Group £000 |
|---|------------------------|---------------|
| As at 1 January 2004 | - | 712 |
| Profit and Loss Account - Credit (See Note 5) | - | 32 |
| Exchange Differences | - | (3) |
| As at 31 December 2004 | <u>-</u> | <u>741</u> |

The amounts of deferred taxation recognised at 30% (2003 - 30%) by the Group are as follows:

| | 2004 £000 | 2003 £000 |
|--------------------------|--------------|--------------|
| Accelerated Depreciation | 544 | 140 |
| Other Timing Differences | 197 | 572 |
| | <u>741</u> | <u>712</u> |

15. Called-Up Share Capital

| | 2004 £000 | 2003 £000 |
|---|---------------|---------------|
| Allotted and Fully Paid: Ordinary £1 Shares | <u>54,100</u> | <u>54,100</u> |
| Authorised: Ordinary £1 Shares | <u>60,000</u> | <u>60,000</u> |

16. Reserves

Profit and Loss
Account
£000

Company:

| | |
|---|--------------|
| At 1 January 2004 | 5,055 |
| Amount Transferred to Reserves for the Year | 275 |
| At 31 December 2004 | <u>5,330</u> |

Group:

| | |
|--|----------------|
| At 1 January 2004 | (7,787) |
| Amount Transferred to Reserves for the Year | 4,304 |
| Exchange Difference Arising on Consolidation | (131) |
| At 31 December 2004 | <u>(3,614)</u> |

17. Movement in Equity Shareholders' Funds

| | Parent Company | | Group | |
|---|----------------|----------------|----------------|----------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £000 | £000 | £000 | £000 |
| Profit for the Year | 2,427 | 3,988 | 6,456 | 8,222 |
| Dividends | <u>(2,152)</u> | <u>(2,741)</u> | <u>(2,152)</u> | <u>(2,741)</u> |
| | 275 | 1,247 | 4,304 | 5,481 |
| Currency Translation Differences on Foreign Currency Net Investment | - | - | (131) | (134) |
| Issue of Shares | - | 5,500 | - | 5,500 |
| Net Addition to Equity Shareholders' Funds | 275 | 6,747 | 4,173 | 10,847 |
| Opening Equity Shareholders' Funds | <u>59,155</u> | <u>52,408</u> | <u>46,313</u> | <u>35,466</u> |
| Closing Equity Shareholders' Funds | <u>59,430</u> | <u>59,155</u> | <u>50,486</u> | <u>46,313</u> |

18. Acquisitions

In May 2004 the Group acquired the factoring business assets of CIB Marine Commercial Financial LLC. The fair value, which is the same as book value, of the assets acquired is set out below:-

| | £000 |
|------------------------|--------------|
| Tangible Fixed Assets | 6 |
| Debtors | 5,694 |
| Creditors | (1,624) |
| Goodwill | 126 |
| Net Assets Acquired | <u>4,202</u> |
| Satisfied by: | |
| Cash | 4,161 |
| Deferred consideration | 41 |
| | <u>4,202</u> |

From acquisition to the year-end the combined operations have generated a profit before tax of £13,000 on a turnover of £1,407,000.

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

| | 2004 £000 | 2003 £000 |
|--|---------------|--------------|
| Operating Profit | 18,682 | 18,030 |
| Depreciation | 998 | 947 |
| Amortisation of Goodwill | 1,060 | 143 |
| Amortisation of Government Grant | (3) | (3) |
| Loss/(Profit) on disposal of fixed assets | 102 | (5) |
| Decrease/(Increase) in Debtors | 4,635 | (45,341) |
| (Decrease)/Increase in Creditors | (6,103) | 27,086 |
| Net Cash Inflow/(Outflow) from Operating Activities | <u>19,371</u> | <u>857</u> |

20. Reconciliation of Movement in Net Debt

| | 2004 £000 | 2003 £000 |
|---|------------------|------------------|
| (Decrease)/Increase in Cash in the Year | (1,833) | 2,723 |
| Decrease/(Increase) in Loans | <u>1,629</u> | <u>(42,486)</u> |
| Change in Net Debt from Cash Flows | (204) | (39,763) |
| Exchange Movements | <u>376</u> | <u>(75)</u> |
| Movement in Net Debt in the Year | 172 | (39,838) |
| Net Debt at 1 January | <u>(173,295)</u> | <u>(133,457)</u> |
| Net Debt at 31 December | <u>(173,123)</u> | <u>(173,295)</u> |

21. Analysis of Net Debt

| | 1 January 2004 £000 | Cash Flow £000 | Exchange Differences £000 | 31 December 2004 £000 |
|--------------------------|---------------------------|----------------------|---------------------------------|-----------------------------|
| Cash at Bank and in Hand | 5,759 | (1,833) | (5) | 3,921 |
| Debt Due Within 1 year | (15,000) | (11,000) | - | (26,000) |
| Debt Due After 1 year | (164,054) | <u>12,629</u> | 381 | <u>(151,044)</u> |
| | <u>(173,295)</u> | <u>(204)</u> | <u>376</u> | <u>(173,123)</u> |

22. Directors' Emoluments

| | 2004 £000 | 2003 £000 |
|----------------------------|--------------|--------------|
| The total emoluments were: | | |
| Emoluments | 632 | 557 |
| Pension Contributions | 54 | 47 |
| Fees | - | 61 |
| | <u>686</u> | <u>665</u> |

The emoluments, excluding pension contributions, of the Chairman were £Nil (2003 - nil) and of the highest paid Director were £243,000 (2003 - £236,000).

Contributions of £38,000 (2003 - £32,000) were made in respect of three (2003 - three) of the Group's Directors to a defined benefit pension scheme (see note 26). In addition, contributions of £15,000 (2003 - £15,000) were made in respect of one (2003 - one) of the Directors to a money purchase pension scheme. The pension contributions of the highest paid Director to a money purchase scheme for the year were £16,000 (2003 - £15,000).

23. Capital Commitments

As at 31 December 2004, the Group had no capital commitments (2003 - nil).

24. Contingent Liabilities

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

| | 2004 £000 | 2003 £000 |
|-------------------------------|--------------|--------------|
| Group Guarantees | 280 | - |
| Unpresented Letters of Credit | <u>1,001</u> | <u>1,530</u> |
| | <u>1,281</u> | <u>1,530</u> |

25. Particulars of Employees

| | 2004 | Group 2003 |
|--|------------|---------------|
| The Average Number of Persons Employed During the Year was | <u>619</u> | <u>545</u> |

26. Pension Costs

The Group participates in the Bibby Line Group Pension Scheme (the "Scheme"), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000. The latest full actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 6 April 2002 using the projected unit method and showed the Scheme to be 88% funded. Further actuarial information is given in the accounts of Bibby Line Group Limited. The contributions made by the Group over the financial year to this Scheme have been £497,000 (2003 - £452,000), equivalent to 14.5% (2003 - 14.5%) of pensionable pay.

Since 1 April 2000, the Group has participated in the Bibby Line Group Money Purchase Pension Plan (the "Plan"), which is a defined contribution scheme for new employees. The contributions made by the Group over the financial year to the Plan have been £203,000 (2003 - £153,000).

The Group has also made contributions of £21,000 (2003 - £18,000) to private money purchase pension schemes.

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £Nil (2003 - £Nil).

FRS17 Disclosures

As noted above and under accounting policies (see note 1) the Group participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £11,355,000 (2003 - £8,669,000) is noted. Further information can be found in the financial statements of the ultimate holding company.

27. Operating Lease Commitments

| | Parent Company | | Group | |
|---|----------------|----------|--------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £000 | £000 | £000 | £000 |
| Annual Commitments Under Operating Leases Which Expire: | | | | |
| Within One Year | | | | |
| Vehicles and Equipment | - | - | 201 | 195 |
| Land and Buildings | - | - | 74 | 1 |
| Within Two to Five Years | | | | |
| Vehicles and Equipment | 5 | 7 | 378 | 418 |
| Land and Buildings | - | - | 1,093 | 1,095 |
| Over Five Years | | | | |
| Land and Buildings | - | - | - | 116 |
| | <u>5</u> | <u>7</u> | <u>1,746</u> | <u>1,825</u> |

28. Parent Undertaking

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

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

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