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Bibby Financial Services Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2022

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Bibby Financial Services Limited

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Bibby Financial Services Limited

Company Information

Chair	Jonathan Lewis
Chief executive officer	Jonathan Andrew
Other Directors	Geoffrey Bibby Theovinder Chatha Marion King Simon Perry Ian Ramsden
Company secretary	Bibby Bros. & Co. (Management) Limited
Registered office	3rd Floor Walker House Exchange Flags Liverpool L2 3YL
Ultimate parent undertaking	Bibby Line Group Limited
Auditor	Mazars LLP Chartered Accountants and Statutory Auditor 30 Old Bailey London United Kingdom EC4M 7AU

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022

The Directors present their strategic report for the year ended 31 December 2022.

Our businesses

Bibby Financial Services ('BFS') is a leading, international provider of working capital, cashflow and foreign exchange solutions for small and medium sized enterprises (SMEs).

A values-driven business committed to supporting our clients and our colleagues, we have 8,500 business clients around the world and employ around 1,000 people in 27 offices across Europe and Asia.

BFS is a subsidiary and member of the Bibby Line Group ('BLG'). BLG was founded in Liverpool in 1807, and is one of the UK's oldest family owned businesses, with more than 210 years' experience of providing personal, responsive and flexible customer solutions.

Invoice Finance

BFS's Invoice Finance division principally supports SMEs through the provision of Factoring and Invoice Discounting solutions, sold through direct and intermediary channels. In addition to core invoice financing products, it provides specialist financing for SMEs in the construction and recruitment sectors, and those trading internationally through dedicated Trade and Export Finance teams.

Asset Finance

Supporting more than 3,000 SME customers, BFS's Asset Finance business provides leasing, hire purchase and refinance solutions for a range of hard and soft assets, including commercial vehicles, construction plant, machinery and IT hardware and software.

Foreign Exchange

Bibby Foreign Exchange specialises in supporting SMEs trading internationally through the provision of spot conversions for the immediate purchase or sale of currency, or forward contracts to minimise the risk of exchange rate fluctuation.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Chief Executive's statement

Business highlights

Our 40th year of trading, 2022, saw the continued strengthening of our business following a transformation initiated in 2020.

Our executive leadership team and organisational structure introduced in 2021 are now well established and I am pleased to report the turnaround measures taken have had a positive impact on our business units, customers, colleagues and performance.

Against a backdrop of macroeconomic uncertainty and rising pressure on SME customers around the world, our reshaped business delivered strong results in 2022. Highlights include:

- Significant turnaround in financial performance with a 13% increase in turnover to £150.5m
- Improving profitability with Profit Before Tax of £9.5m (2021: £0.3m)
- 6% growth in debts factored to £10.6bn
- "Excellent" independent Trustpilot rating highlighting our focus on customer service
- Strong growth in colleague engagement, scoring in the upper quartile and above industry benchmark

Testament to the confidence in our business was the renewal and increase of our UK and EUA facilities in 2022, providing us with total funding capability of more than £1.3bn, ensuring we are optimally positioned to address our customers' financing needs while continuing to grow BFS sustainably.

Our Invoice Finance business reported improved performance as we welcomed more than 1,000 new customers globally, processing more than 2.5m invoices to support the cashflow needs of SMEs around the world. We achieved strong growth in debts factored as SME demand for third party financing continued to recover following the unwinding of Covid-19 support measures.

We reported significant growth in our Foreign Exchange division as well as greater synergies between our Invoice Finance and Asset Finance businesses, allowing us to structure a wider range of transactions to support customers.

Combining Bibby Line Group's shipping heritage and expertise with BFS's SME financing capability, we announced plans to launch BFS Marine Finance in 2023. Broadening our product range to support a greater number of SMEs around the world is a key part of our strategy and the launch will see us bolster our support for businesses throughout Europe, providing further growth opportunities.

Overall, our BFS 4.0 strategy is driving a return to sustainable profitability, allowing us to plan our investment portfolio for new capability to increase our long term competitiveness. We remain alert to macroeconomic conditions and the challenges and risks facing SME customers in 2023 and beyond.

Working closely with our technology partners in 2022, we updated key systems across our regions, with these projects already proving beneficial, increasing the speed in which we provide funding while reducing manual processing for colleagues.

During the year, we maintained our focus on Project Compass, a Bibby Line Group-wide initiative which places People, Customer, Community and Environment at the heart of our approach.

I'm particularly pleased with the drive and enthusiasm of our Environment Group of which you will read more about in this report alongside other Compass-related initiatives.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Board changes

In August 2022, we welcomed Marion King as Non-Executive Director who brings more than 25 years of senior financial services experience to BFS.

Together we grow

As a family-owned business, it's essential colleagues feel valued and informed, and engaged in our strategy. As well as making strong progress financially, I am delighted that we continue to live and demonstrate our core values; work together, be better, be innovative, do the right thing and trust each other.

We have a growing sense of enthusiasm and empowerment across our global teams and continue to foster a "speak out" culture. This is reflected in our improving colleague engagement score, which is above the industry average and now in the upper quartile. We are working hard to maintain and improve this further to reach our goal of category-leading scores by the end of 2024.

I'm hugely proud of all of our teams and thankful of their collective efforts.

Overall, I am encouraged by the progress we made in 2022. Despite ongoing economic challenges in many of the markets we operate in, I am confident we have the right strategy, business model and people to help us to continue to provide value to our colleagues, customers, shareholders, and the communities in which we live and work.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Strategic overview

Our purpose and values

We take a long-term view of managing our business, and our purpose and values are at the heart of everything we do. This purpose is to make SME ambitions possible by providing reliable, accessible and future-focused financial solutions, while being guided by our family values:

- Work Together
- Be Better
- Be Innovative
- Do The Right Thing
- Trust Each Other

Our purpose and values are critical to how we do business, and shape our identity in the world around us. They are focused on our identity as a business; who we are, why we exist, what we do and how our approach differs to other financial services companies:

- **Who we are** - a highly customer-centred, family-owned business providing access to flexible finance and working capital solutions that enables SMEs to thrive and grow.
- **Why we exist** - the backbone of our communities, we're here to be a constant, professional and reliable partner for SMEs in need of flexible financial solutions.
- **What we do** - we offer trustworthy and professional financial partnering to SMEs. We provide SMEs with high quality, competitive, access to flexible and tailored finance in any season and for every business stage.
- **How we do it** - we're an international business that listens to our customers and offers solutions. Our independence coupled with our longevity and experience enables us to make SME ambitions possible by providing the right support at the right time.

Our strategy - BFS 4.0

We launched our global strategy, BFS 4.0, in 2021 in response to changes in the markets in which we operate, a shifting global economic environment and growing customer expectations. It aims to enhance the way we support customers and partners by leveraging digital capability alongside the personal service we are known for to become a trusted financial services partner to SMEs.

At its core, it is our journey to become a leading international provider of future-focused financial solutions for SMEs with a digital, multi-channel delivery and operational platform.

Our strategy is being delivered consistently across all of the territories in which we operate and is now firmly embedded, helping us to drive towards our three core aims:

1. Optimise and maximise opportunities in existing markets
2. Expand and strengthen partnerships and build new ecosystems to add value for SMEs
3. Innovate for the future

BFS 4.0 is already having a hugely positive impact on our business, enabling our dedicated teams to deliver the expert service customers require through personal relationships, supported by technology.

Combined with our increased funding capacity and underpinned by our risk management strategy, BFS 4.0 provides significant opportunity for us to support SMEs following the closure and repayment of government-backed financing schemes launched during the pandemic. To this end, we expect to see SME demand for financing to increase further as inflationary pressures, geopolitical factors and the pandemic's residual impacts continue to affect local and national economies over the year ahead.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Our Board, Executive Leadership team and BFS colleagues around the world remain focused on our strategic objectives, and we look forward to another positive year ahead in 2023.

Our Compass - A family business known for creating a better future together

Since 2021, our strategic implementation has been underpinned by Project Compass. This is a Bibby Line Group-wide initiative and commitment to be a sustainable and resilient business, supporting us to better deliver for all stakeholders by focusing efforts on four areas: People, Customer, Community and Environment.

People

Colleague engagement is a key priority and in 2022 we maintained our focus on providing a great place to work for our people. With approximately 1,000 employees across our 9 countries, we have a highly motivated, engaged and dedicated team, committed to delivering excellent service to our customers.

We launched our colleague engagement platform in 2022 to provide a more effective way to understand what matters most to our people. This regular opinion survey is proving invaluable, enabling us to listen to and act on feedback, and to proactively identify areas we need to address.

Our key priorities for our people include fair reward and recognition; a safe, flexible, diverse and inclusive environment to promote mental and physical wellbeing; a speak-out culture where feedback is listened and actioned; and a business where colleagues can develop personally and professionally.

To act on these priorities, we communicate regularly with colleagues through line managers and live and virtual events hosted by our Leadership Teams. Our Colleague Forum includes representation of colleagues from different markets and business units which allows us to listen to feedback on what and how we communicate so that we can be better.

In addition, in 2022 we launched our new performance management programme, Together We Grow. This enables line managers and colleagues to have more meaningful conversations about business and personal performance; facilitate discussions regarding talent and career development and support line managers in adopting coaching methods into their leadership approaches.

Furthermore, we introduced a number of initiatives to improve our employee experience, including a new recognition incentive scheme, a programme of resources to improve colleagues' mental and physical wellbeing, and financial awareness training to help our teams navigate the cost-of-living crisis.

Active Inclusion

Equality, Diversity, Inclusion and Belonging (EDIB) is another key priority for BFS. We are committed to becoming a truly inclusive place to work and strive to make continuous improvements which create equitable opportunities for all colleagues. Our aim is to be a workplace with active inclusion at its heart with a culture that removes barriers and empowers our people to achieve their highest potential.

Throughout the year, we took a series of steps towards creating a truly inclusive environment for colleagues, including a comprehensive policy review to ensure inclusive language, key awareness celebration days and the provision of access to materials to increase colleague understanding across a range of EDIB areas.

Customer

Improving outcomes for customers is the core of our BFS 4.0 strategy and throughout 2022 this focus remained steadfast.

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Strategic Report for the Year Ended 31 December 2022 (continued)

Our long-term success is dependent on building strong relationships with customers, continuously seeking ways to support them and by enhancing how they interact and transact with us personally, or through technology.

To improve our customer experience, enabling them to access funding more quickly while reducing manual processes for clients, in 2022, we upgraded customer systems in Poland and Singapore.

We understand the impact of macroeconomic pressures on SMEs around the world. To this end, we continued to support customers by working with them hand-in-hand, relying on our robust risk management processes to find a way to finance SMEs when wider market credit appetites diminished.

We regularly listen to our customers using a range of mechanisms that allow us to understand how we can better support them now and in the future. A key performance indicator of our service is the independent review site, Trustpilot and in 2022 our score improved to 4.7/5.0 or 'Excellent'. Another lead indicator is Net Promoter Score (NPS) and we are focused on improving our current score of +36 to be in the upper quartile of the financial services sector.

Other methods we use to listen to customers include our refreshed Customer Feedback process, a Take-On Survey for new clients, our Customer Forum which provides qualitative insight to augment numeric data, and structured feedback received by our Relationship Management teams around the world.

Community

As part of the Bibby Line Group, at its heart BFS is a values-driven family-owned business, committed to positively impacting the world around us.

Through our Compass initiative, we empower colleagues to give back to local communities through our 'Donate a Day' initiative, where we actively encourage teams to donate work-time to community projects they feel passionate about. Furthermore, we provide match-funding and support for colleague-led community initiatives through our established Giving Something Back scheme.

This results in many impactful projects including proactive community outreach, fundraising for a variety of colleague-chosen charities and widespread volunteering throughout local communities around the world.

Social mobility is an important element of our Compass initiative. In addition to charitable giving, in 2022 we reignited our schools outreach programme. As part of this initiative, BFS teams partner with schools in under-privileged areas to support them in different ways from attending careers fairs and mentoring to running bespoke events in partnership with the schools.

Environment

We are committed to becoming an increasingly sustainable business, minimising our environmental impact on the world around us and influencing positive change.

Made up of cross-functional international colleagues, our Compass Environment Group is driving our green agenda by championing sustainable initiatives, driving forward reporting and measurement of our progress and challenging the business to be better (one of our core values).

With customers, colleagues and suppliers, we are working towards the Bibby Line Group-wide goal of Net Zero carbon emissions by 2040 by focusing on three key pillars:

- Decarbonising our assets
- Single use plastic reduction
- 100% renewable energy

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

To achieve this target, we proactively encourage colleagues to think sustainably. In 2022, we introduced a number of measures in this regard including the launch of our salary sacrifice Electric Vehicle/Plug-in Hybrid Vehicle (EV/PHEV) scheme in the UK and a refreshed Travel Policy encouraging more sustainable, lower emissions travel.

Today, almost 80% of our offices are fully powered by renewable energy and we are now working hard to make this 100%. Already, our progress has reduced our office power emissions from 688 tons to 83 tons of carbon dioxide (CO₂).

Furthermore, to commemorate 40 years since the formation of BFS, we partnered with TreeNation whose mission is to plant 1 trillion trees by 2050. Our 40th anniversary partnership involved planting more than 2,000 trees compensating 169.3 tonnes of CO₂ to date.

With new initiatives in train, such as our Plastic Free in '23 campaign, we look forward to reporting further progress on our environmental targets in 2023.

Outlook

Challenges remain for SMEs in 2023 and we expect business confidence to remain flat in 2023.

Notwithstanding an uncertain economic landscape, our strategy and transformation is having a positive impact on our performance. We continue to closely monitor conditions across Europe and Asia, and to seek ways to better understand the needs, risks and challenges of our customers.

Following the robust performance in 2022 outlined in this report, we have maintained momentum with a positive start to 2023. This is reflected in our Q1 results which show further turnover growth and higher debts factored volumes year-on-year.

Despite persisting economic risk, the growing diversity of our portfolio - combined with our increased funding capacity and the dedication and expertise of our teams - gives us confidence we will continue to deliver value for our customers, colleagues, shareholder and partners in 2023 and beyond.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Financial performance

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

	Unit	2022	2021
Debts factored	£m	10,596	10,018
Funds advanced	£m	747	738
Turnover	£000	150,505	132,435
Cost of sales	£000	109,273	109,096
Interest payable and similar charges	£000	32,848	20,934
Profit before tax	£000	9,468	255

BFS has recorded a solid return to profitability for 2022 with a profit before tax of £9.5m (2021: £0.3m).

Customer demand for finance increased steadily, particularly in the second half of the year, with SMEs contending with sharply higher inflationary pressures and supply chain disruption throughout the year. As a result, debts factored increased by 5.8% to £10.6bn (2021: £10.0bn), with funds advanced increasing 1% to reach £747m (2021: £738m) by year end. With the increased interest rate environment during 2022 and the volume growth in debts factored, momentum built through the year, and turnover improving 13.6% to £150.5m (2021: £132.4m).

Profitability was supported by cost of sales remaining flat at £109.3m (2021: £109.1m) due to a rigorous focus on cost management, despite absorbing inflationary pressure in our own cost base. Credit impairments as a proportion of average funds advanced remained broadly consistent with 2021 levels. Our credit performance was strong, reflecting the diversified nature of our funds advanced, alongside the strong risk management capabilities of BFS, resulting in a bad debt charge for the year limited to £5.6m (2021: £5.3m).

Interest payable and similar charges increased by £11.9m to £32.8m for 2022 (2021: £20.9m) reflecting higher cost of funds.

The group maintains adequate levels of capital, funding capacity and liquidity with sufficient headroom in key funding covenants, underpinning our ability to support the growing needs of SMEs. Total funding capacity for BFS was £1.3bn at 31 December 2022 (2021: £1.1bn). We extended and increased our primary UK securitisation facility in 2022 until October 2025, and renewed our pan EurAsian "back-to-back" facility until May 2025. By ensuring we have a robust mix of funding, we are better able to meet our clients' needs in a cost efficient way.

Finally, the wider impact of the Ukraine/Russia conflict, recent financial sector instability, higher inflationary and interest rate environment, and residual supply chain disruption continue to affect all economies around the world, at a time when full recovery from the pandemic is yet to materialise. Driven by the macroeconomic climate as SME customers navigate uncertainty, we expect customer demand for financing to grow in 2023, with stronger funding advance rates. We therefore remain confident that our business model, coupled with the strong experience of our colleagues, will respond well to the challenges and opportunities that may arise.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Risk management

Our approach

BFS takes a prudent, robust and transparent approach to risk management and internal processes remain central to how we manage our business. Underpinned by our values, purpose and culture, responsible practices are central to how our global businesses operate.

We take a long-term view of risk, and our strategy remains focused on risk mitigation, rather than elimination. Overseen by our Global Risk Team on behalf of the Board, our risk governance strategy is based on our 'three lines of defence model':

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

This robust risk management framework protects our profitability and ensures we operate responsibly, aligned to our values, and this model ensures key risks facing individual businesses or the Group are escalated in a timely manner.

The third line of defence, that of independent review, includes our internal audit and the BFS Audit Committee. This group independently reviews and regularly challenges BFS's risk management controls, processes and systems.

Credit risk was well managed by our Operational and Central Risk teams in 2022 with the bad debt charge being 0.8% (2021: 0.8%) of average funds advanced during the year.

Parts of the BFS Group are regulated by the following bodies:

- **Bibby Leasing Ltd** 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".
- **Bibby Foreign Exchange Ltd** is also authorised as a payments institution by the FCA to conduct Forex business in the UK.

In the UK, BFS is also a member of UK Finance, and complies with the Invoice Finance and Asset Based Lending Code (2018) and Standards Framework.

Along with meeting regulatory requirements, BFS operates in an evolving, self-regulated market and continues to proactively strengthen standards to ensure that robust quality assurance and risk management processes are embedded at all levels of the organisation. Delivering excellent client service is central to these processes as BFS develops and grows. BFS therefore endeavours to manage operations responsibly and conduct business in an ethical and transparent way.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Principal risks and uncertainties

Growth in the SME financing sector is largely influenced by two key factors: macroeconomics and business confidence. Current challenges facing BFS's client base include higher levels of inflation and interest rates, the speed of recovery from Covid-19, alongside geopolitical factors including the Ukraine/Russia conflict and resulting supply chain disruption, and understanding the longer term implications of Brexit.

We constantly monitor existing and emerging risks and ensure appropriate mitigants are in place. The following table below sets out the principal risks that may impact BFS's ability to deliver its strategy over the coming year. This should not be regarded as a complete list of risks the business may face.

Risk	Description	Risk Outlook
Business Risk	The risk of lower than anticipated financial performance, from external factors including a deteriorating macroeconomic environment, or internally-led factors such as implementation of our strategy. Despite the challenging external environment, BFS has a proven and resilient business model that is counter cyclical, a clear strategic plan that is being executed, and strong support from shareholders and funders. BFS continually re-forecasts its performance outlook, taking into account risks & opportunities and prevailing market conditions, that are reviewed regularly by the Executive Leadership Team.	Unchanged
Credit Risk	The risk of financial loss in relation to an advance made by a BFS business unit, particularly during times of economic stress. BFS closely sets and monitors credit exposures in line with credit policy and Board risk appetite, with escalating governance and approvals for larger advances, and credit insurance in place where appropriate. BFS has a well-diversified portfolio of clients and debtors, and concentration of exposure remains low, with oversight from an experienced central Risk function.	Increasing (due to adverse economic conditions)
Market Risk	The risk of financial loss through unhedged or mismatched asset and liability positions that are sensitive to changes in interest rates or currencies. BFS advances funds to clients on a largely matched basis, aligned in currency and underlying base reference rate terms which are monitored through the BFS Asset & Liability Committee (ALCO).	Unchanged
Liquidity, Funding and Capital Risk	The risk that BFS is unable to meet its financial obligations as they fall due or is only able to do so at excessive cost, is unable to raise funds at an acceptable price or timely manner, or has insufficient capital to operate effectively and support strategic goals. BFS extended both of its largest funding facilities during the last year, and liquidity oversight and governance is provided from a long-established ALCO and highly experienced Treasury function. A good capital position has been further strengthened by the solid return to profitability, whilst funding capacity has been increased during 2022, and covenant headroom remains appropriate, enabling support of both our clients and the liquidity requirements of BFS.	Unchanged
Operational Risk	The risk of loss resulting from inadequate internal processes, people and systems, including the constantly evolving threat of cyber-attack. Mitigated by well-established group policies and processes, compliance training, attracting & retaining high quality staff, business continuity planning, and investing in technology all assist the operational resilience of BFS. In terms of Cyber, resilience has been further enhanced during the year through investment in both technology and the capability of experienced, specialist staff.	Increasing (due to Cyber risk)

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Section 172(1) statement

The Board of Directors of BFS consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1)(a-f) of the Companies Act) in the decisions taken during the year ended 31 December 2022.

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

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

Stakeholder engagement

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

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

Project Compass reinforces our commitment to responsible business, and focuses on People, Customers, Communities and the Environment, as detailed on pages 6 and 7 of the Strategic Report.

Other key stakeholders include our shareholders and funders.

Shareholders

The Board regularly receives feedback from shareholders, principally via members of the Board who are also members of the Bibby Line Group (parent company) Board. This gives the shareholders full visibility and inclusion in the BFS business. Additionally, the Executive Directors attend an annual strategy day to discuss the BFS strategy, operating plan and long term financial performance with the Bibby Line Group Board. During the year, the Company did not pay a dividend (2021: £nil).

Funders

BFS regularly communicates with the Group's key funders to discuss, update and seek feedback on the business, our strategy and financial performance.

In 2022, we continued to build on the strong relationships we have with our core funders throughout the UK, Europe and Asia through regular touch points, and a series of formal updates on our strategy and performance.

In addition to the renewal, in May 2022, of its Pan EurAsian facility for a further two years to May 2025, BFS also renewed and expanded its UK securitisation facility through to October 2025. BFS now has funding capacity of over £1.3bn.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2022 (continued)

Summary

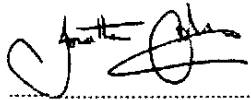
2022 represented a period of strong, robust performance. While we remain responsive to macroeconomic challenges facing our customers and colleagues, BFS is in a strong position following the measures introduced since the launch of our BFS 4.0 strategy in 2021.

Today, BFS is well-capitalised with a diverse portfolio and positive culture designed to improve outcomes for all stakeholders.

Accompanied by our Compass initiative, our strategy is informing and driving improving performance at BFS, and this is borne-out in our results.

Our 2022 performance is reflective of the hard work and effort of our teams around the world and we look forward to continuing this growth momentum in 2023 and further into the future.

Approved by the Board on 6 June 2023 and signed on its behalf by:



Jonathan Andrew - Chief Executive Officer

Bibby Financial Services Limited

Directors' Report for the Year Ended 31 December 2022

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2022.

Directors of the Group

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

Jonathan Lewis - Chair, Chief Executive Officer of Bibby Line Group

Jonathan Andrew - Chief Executive Officer

Geoffrey Bibby - Non Executive Director, family member and Bibby Line Group Director

Sir Michael Bibby (resigned 1 January 2022)

Theovinder Chatha - Chief Financial Officer

Marion King - Independent Non Executive Director (appointed 1 August 2022)

Simon Perry - Independent Non Executive Director and Chair of Audit Committee

Ian Ramsden - Chief Risk Officer

Composition of the Board

The Board is comprised of individuals selected to provide the optimal balance of independent governance, relevant experience, and expertise, alongside representation of the Bibby family interests, Bibby Line Group as shareholder, and key BFS executives.

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.

Bibby Financial Services Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Going concern

The Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. In reaching this assessment, the Directors considered the financial statements, the Group's budget, operating plan and updated forecast scenario's. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies in Note 2 of the Financial Statements.

Matters included in Strategic Report

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

The Strategic report, specifically the s172 statement, includes information the following:

- i) how the Directors have engaged with employees; and
- ii) how the Directors have had regard to employee interests, and the effect of that regard, including on the principal decisions taken by the Group during the financial year.

The Strategic report contains information on how the Directors have had regard to the need to foster the Group's business relationships with key stakeholders, and the effect of that regard.

The Strategic report also contains information on the Group's policy for employment of disabled people, the action taken to engage with employees and information on the Groups emissions and energy consumption.

Stakeholders

As outlined in the Strategic Report, we proactively seek to build and maintain strong relationships with our stakeholders. Our main stakeholders comprise our people, clients, partners, funders and the communities in which we operate. Understanding their views is a key part of managing our business and we actively engage with them on a regular basis to listen to their views and concerns and gather feedback on our activities.

Corporate responsibility

Our approach to corporate responsibility has been integral to how we operate for forty years, enabling us to operate and grow in a responsible and ethical manner, and contribute positively to the communities around us. Although not a requirement to report on Corporate Governance, BFS is committed to good corporate governance with the Directors having regard to the Wates Corporate Governance Principles.

In 2022, as covered in the Strategic Report, Project Compass has further accelerated our progress with Corporate Social Responsibility (CSR). The four points of Compass are People, Environment, Community and Customer, the first three of which now form our CSR and Environmental, Social and Governance (ESG) strategies.

Core to the Directors delivering on our responsibilities is continuing to grow BFS to sustainable profitability and linking together the various initiatives outlined in the Strategic Report and below to drive long term value for all stakeholders.

Bibby Financial Services Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Social and community issues

BFS recognise that we have the opportunity to strive for a broader purpose. Our business nurtures a culture which is respectful, open to feedback, inclusive, transparent, continually learning and accountable. All our people are expected to act ethically and responsibly. Our scale and our colleagues across multiple countries mean that together we can have a positive effect on the people and world around us. Our response to social and community issues is covered in the Strategic report.

Non adjusting events after the financial period

Share capital reductions:

On 15 March 2023, shareholders agreed, by special resolution, that the issued share capital of the company be reduced from £62,600,000 to £5,000,000 by cancelling and extinguishing 57,600,000 of the issued ordinary shares of £1.00 in the Company, each of which is fully paid up and the amount by which the share capital is reduced is credited to the profit and loss reserve.

Dividend:

On 28 April 2023, the Directors recommended and paid a dividend of £10,000,000. This dividend has not been recognised as a liability in the financial statements.

Non-adjusting considerations:

The Directors have considered the potential impact of the collapse of Silicon Valley Bank, Signature Bank, First Republic Bank and Credit Suisse including the mitigating measures and uncertainties on the Group and have concluded that these are non-adjusting post balance sheet events as the Group does not have any exposure (either direct cash exposure or direct/indirect through investments) with any of the aforementioned banks. The Directors have taken account of these events in the going concern assessment.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Reappointment of auditors

Mazars LLP are external independent auditors to the Company, Mazars LLP has expressed its willingness to continue in office and the Board recommends that Mazars LLP be re-appointed as the Company's independent auditors.

Approved by the Board on 6 June 2023 and signed on its behalf by:



Jeanette Hampson

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

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

Bibby Financial Services Limited

Directors' Responsibilities Statement

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

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

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

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

Bibby Financial Services Limited

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bibby Financial Services Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ("FRC") 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Bibby Financial Services Limited

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

Other information

The other information comprises the information included in the annual report and consolidated financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

Opinion on other matters 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.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent 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.

Bibby Financial Services Limited

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 17, 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Group and the Parent Company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the Parent Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

Bibby Financial Services Limited

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

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to, revenue recognition (which we pinpointed to the occurrence and accuracy assertions), impairment of financial assets (where we pinpointed to the valuation assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

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 Allen (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
United Kingdom
EC4M 7AU

6 June 2023

Bibby Financial Services Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Turnover	3	150,505	132,435
Other operating income	4	297	372
Cost of sales		<u>(109,273)</u>	<u>(109,096)</u>
Operating profit	5	<u>41,529</u>	<u>23,711</u>
Other interest receivable and similar income	9	787	483
Interest payable and similar charges	10	<u>(32,848)</u>	<u>(20,934)</u>
		<u>(32,061)</u>	<u>(20,451)</u>
Profit before exceptional items and tax		<u>9,468</u>	<u>3,260</u>
Exceptional items	11	<u>-</u>	<u>(3,005)</u>
Profit before tax		9,468	255
Taxation	12	<u>75</u>	<u>4,196</u>
Profit for the financial year		<u>9,543</u>	<u>4,451</u>

Bibby Financial Services Limited

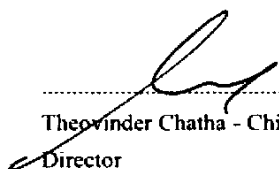
**Consolidated Statement of Comprehensive Income for the Year Ended 31 December
2022**

	2022 £ 000	2021 £ 000
Profit for the year	9,543	4,451
Foreign currency gains/(losses)	<u>2,612</u>	<u>(2,617)</u>
Total comprehensive profit for the year attributable to equity shareholders	<u>12,155</u>	<u>1,834</u>

Bibby Financial Services Limited
(Registration number: 03530461)
Consolidated Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Intangible assets	14	2,347	4,591
Tangible assets	15	5,369	7,308
		<u>7,716</u>	<u>11,899</u>
Current assets			
Debtors	17	955,316	931,326
Cash at bank and in hand	16	52,270	50,564
		<u>1,007,586</u>	<u>981,890</u>
Creditors: Amounts falling due within one year	18	<u>(216,438)</u>	<u>(230,996)</u>
Net current assets		<u>791,148</u>	<u>750,894</u>
Total assets less current liabilities		<u>798,864</u>	<u>762,793</u>
Creditors: Amounts falling due after more than one year	18	<u>(661,729)</u>	<u>(637,813)</u>
Net assets		<u>137,135</u>	<u>124,980</u>
Capital and reserves			
Called up share capital	19	62,600	62,600
Profit and loss account		<u>74,535</u>	<u>62,380</u>
Shareholders' funds		<u>137,135</u>	<u>124,980</u>

Approved and authorised by the Board on 6 June 2023 and signed on its behalf by:

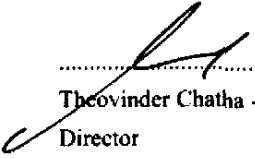

Theovinder Chatha - Chief Financial Officer
Director

Bibby Financial Services Limited
(Registration number: 03530461)
Company Balance Sheet as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Investments	13	77,850	77,850
Intangible assets	14	1,692	4,446
Tangible assets	15	3,789	5,359
		<u>83,331</u>	<u>87,655</u>
Current assets			
Debtors	17	36,507	36,453
Cash at bank and in hand	16	69	-
		<u>36,576</u>	<u>36,453</u>
Creditors: Amounts falling due within one year	18	<u>(86,374)</u>	<u>(81,753)</u>
Net current liabilities		<u>(49,798)</u>	<u>(45,300)</u>
Total assets less current liabilities		33,533	42,355
Creditors: Amounts falling due after more than one year	18	<u>(584)</u>	<u>(1,279)</u>
Net assets		<u>32,949</u>	<u>41,076</u>
Capital and reserves			
Called up share capital	19	62,600	62,600
Profit and loss account		<u>(29,651)</u>	<u>(21,524)</u>
Shareholders' funds		<u>32,949</u>	<u>41,076</u>

The Company loss for the year as reported in the Company Statement of Changes in Equity is £8,127,000 (2021: £9,601,000).

Approved and authorised by the Board on 6 June 2023 and signed on its behalf by:


Theovinder Chatha - Chief Financial Officer
Director

Bibby Financial Services Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	62,600	62,380	124,980
Profit for the year	-	9,543	9,543
Other comprehensive income	-	2,612	2,612
Total comprehensive expense	-	12,155	12,155
At 31 December 2022	62,600	74,535	137,135

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	62,600	60,546	123,146
Profit for the year	-	4,451	4,451
Other comprehensive expense	-	(2,617)	(2,617)
Total comprehensive expense	-	1,834	1,834
At 31 December 2021	62,600	62,380	124,980

Bibby Financial Services Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2022

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2022	62,600	(21,524)	41,076
Loss for the year	-	(8,127)	(8,127)
At 31 December 2022	<u>62,600</u>	<u>(29,651)</u>	<u>32,949</u>

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	62,600	(11,923)	50,677
Loss for the year	-	(9,601)	(9,601)
At 31 December 2021	<u>62,600</u>	<u>(21,524)</u>	<u>41,076</u>

Bibby Financial Services Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Cash flows from operating activities			
Profit for the year		9,543	4,451
Adjustments to cash flows from non-cash items			
Depreciation, amortisation and impairment of fixed assets	5	4,827	10,042
Loss on disposal of fixed assets	14, 15	107	-
Profit from disposals of discontinued operations	11	(297)	(292)
Interest receivable and similar income	9	(787)	(483)
Interest payable and similar charges	10	32,848	20,934
Taxation	12	(75)	(4,196)
		<u>46,166</u>	<u>30,456</u>
Working capital adjustments			
Increase in trade debtors		(10,031)	(82,954)
Decrease in trade creditors		<u>(6,176)</u>	<u>(43,719)</u>
Cash generated by operations		29,959	(96,217)
Corporation tax paid		<u>(2,283)</u>	<u>(1,885)</u>
Net cash flow from operating activities		<u>27,676</u>	<u>(98,102)</u>
Cash flows from investing activities			
Interest received		1,017	253
Acquisition of tangible fixed assets		(10)	(138)
Acquisition of intangible fixed assets		(672)	(444)
Net proceeds from disposal of operations		<u>297</u>	<u>292</u>
Net cash flows from investing activities		<u>632</u>	<u>(37)</u>
Cash flows from financing activities			
Interest paid		(32,144)	(20,934)
(Repayment of) / proceeds from draw down of existing borrowing facilities		(2,539)	104,470
Loan made to parent company		460	(266)
Proceeds from placement of finance lease arrangements		-	131
Repayments of finance leases		<u>(837)</u>	<u>(5,193)</u>
Net cash flows from financing activities		<u>(35,060)</u>	<u>78,208</u>
Net decrease in cash and cash equivalents		(6,752)	(19,931)
Cash and cash equivalents at 1 January		40,293	64,055
Effect of exchange rate fluctuations on cash held		<u>1,975</u>	<u>(3,831)</u>
Cash and cash equivalents at 31 December	16	<u>35,516</u>	<u>40,293</u>

The notes on pages 29 to 62 form an integral part of these financial statements.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

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

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

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 group and individual financial statements of Bibby Financial Services Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, and the Companies Act 2006.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed on pages 38 and 39. The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings together with the group's share of the results of associates made up to the year end. A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary. Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements. An associate is an entity, being neither a subsidiary nor a joint venture, in which the group holds a long-term interest and where the group has significant influence.

The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting. Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively. Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the group's interest in the entity.

Going concern

In reaching their view on the preparation of the financial statements on a going concern basis, the Directors are required to consider whether the Company and Group can continue in operational existence for a period of at least 12 months from the date of this report. The continuing uncertain economic conditions as well as the ongoing Russia/Ukraine war present increased risks for all businesses. The Directors have considered the potential impact of the collapse of Silicon Valley Bank, Signature Bank, First Republic Bank and Credit Suisse including the mitigating measures and uncertainties on the company and have concluded that these are non-adjusting post balance sheet events as the Group does not have any exposure (either direct cash exposure or direct / indirect through investments) with any of the aforementioned banks. The Directors have taken account of these events in the going concern assessment.

The Group is funded through wholesale borrowings (principally securitisation facilities) and cash reserves, which at 31 December 2022 stood at £691.2m and £52.3m respectively. The facilities are available for at least the next 12 months and although they contain various financial covenants to ensure availability of funding for new business, the securitised nature of the facilities is such that in the event of a covenant breach they can enter into amortisation and will not be withdrawn immediately.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

The Directors have carefully considered its principal risks which includes an assessment of any uncertainty on the viability of the Group's business model and the extent to which it may affect the preparation of the financial statements on a going concern basis. The Group is continually forecasting its financial performance under a range of scenarios assessing the impact on profitability, funding, liquidity, funding covenants and capital position. These scenarios and stress tests are based on both historical experience and, with reference to external guidance, recognising the different market and geographic territories in which the Group operates.

Based on these assessments, the Directors consider that the Company and the Group both maintain an appropriate level of capital and liquidity, sufficient to meet the demands of the business and the requirements which might arise in stressed circumstances. Specifically, in downside scenarios where debts factored and client advances do not recover in line with management's base case, appropriate management actions are available to improve profitability and maintain compliance with covenants and these have been assessed by Management as being plausible and deliverable. Management also takes confidence from the healthy cash position of the Group along with the Group's strong relationship with, and continued support from, its funders.

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

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

Foreign currency

i. Functional and presentational currency

The group financial statements are presented in pound sterling and rounded to thousands. The company's functional and presentation currency is the pound sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iii. Translation

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in Other comprehensive income.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

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 and is recognised at the trade date.

Government grants

The Group accounts for government grants (including the Coronavirus Job Retention Scheme) using the accruals model. Revenue-based grants that are receivable as compensation for expenses or losses already incurred are recognised in income in the period in which they are receivable.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Investments - Company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Intangible fixed assets

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

Asset class	Amortisation method and rate
Goodwill	Straight line 5 years
Software and development	Straight line up to 5 years

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

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

Tangible fixed assets

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

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

Impairment of fixed assets

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

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

The group is party to a composite accounting structure agreements with certain bankers. These agreements treat all the bank accounts included in each agreement as one account; as a result, positive and negative cash balances included in the agreement are shown net on balance sheet.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (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.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

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.

Finance lease receivables

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

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 2022 (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 are defined below 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 2022 (continued)

Derivative financial instruments

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

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

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

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

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

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Retirement benefits

The BFS Group is a member 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. Bibby Line Group is legally responsible for the plan.

The Group pays contributions to 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.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Critical accounting policies and the use of judgements and estimates

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

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

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

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

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

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

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

At the balance sheet date, non-performing trade debtors and finance lease receivables totalled £29.9m (2021: £30.4m), against which impairment provisions totalled £20.7m (2021: £25.0m). See Note 23 for further details. A 10% change in the expected level of collection from debtors in collect out at year end would result in an increase / decrease of £2.0m (2021: £2.5m) in the level of required provision.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

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

Software and development costs reflect investment in technological systems and advancements, the economic benefits of which the Directors believe will be realised over their useful economic life. Amounts capitalised in internally generated intangible assets comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management, which includes costs of materials and services used or consumed in generating the intangible asset, and costs of employee benefits arising from the generation of the intangible asset. There is judgement in determining the type and amount of internal costs to capitalise. At the balance sheet date internal staff costs of circa £0.7m (2021: £1.6m) are capitalised within intangible assets. The Directors also consider that the amortisation policies for software and development costs will reflect the period of benefit from intended use after reflecting further possible technological advancement and market conditions. There is particular subjectivity in assessing the useful life of intangible assets given the Group's ongoing investment programme to respond to the evolving nature of the technology required to serve the business's future needs.

Transaction costs relating to lease assets (judgement)

The net investment in the Group's finance leases includes initial direct costs which are incremental to the origination of the finance leases. These costs, which also include an element of internal staff costs, are amortised over the life of the finance lease receivable. There is particular complexity and judgement around determining which costs are directly attributable to the origination of a financial asset, in particular the amount of internal staff costs that are directly attributable to the origination of assets. The Group currently capitalises a significant element of staff costs within its Leasing business as they believe these represent costs that are incremental and directly attributable to the negotiating and arranging of leases. At the balance sheet date, the other debtors balance includes internal costs of £2.4m (2021: £2.7m) which are deferred for amortisation over the term of the leases, which typically extend up to five years. During the year £1.0m (2021: £1.2m) of costs were capitalised. If the group had reduced the amount of internal staff costs capitalised by 10% this would decrease the cumulative asset recognised by £0.3m (2021: £0.3m).

Cash suspense income (judgement)

The Group has established processes and controls for allocating cash receipts. On a relatively small number of occasions cash is received and cannot be allocated to specific client accounts. There is particular judgement required to be exercised in determining an appropriate time period after which this unallocated cash can be released to income profit and loss, which reflects the Group's contractual terms in terms of entitlement, and the timing of any related unpaid client or debtor balances being written off under our well-established collection processes. Management's judgement is that releasing to profit and loss after six months is appropriate. If the judgement was amended to twelve months the impact would be a £0.4m (2021: £0.4m) reduction in turnover. In the current year, £0.9m (2021: £0.8m) of cash suspense income was recognised in turnover.

3 Turnover

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

	2022 £ 000	2021 £ 000
United Kingdom	102,068	88,611
Rest of Europe	46,160	41,735
Asia Pacific	2,277	2,089
	<u>150,505</u>	<u>132,435</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	2022 £ 000	2021 £ 000
Government grants	-	80
Gain on disposal of operations	297	292
	<u>297</u>	<u>372</u>

5 Operating profit

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

	2022 £ 000	2021 £ 000
Amortisation of intangible fixed assets	2,834	6,969
Depreciation of tangible fixed assets	1,993	3,073
Impairment of financial assets - bad debt charge	5,562	5,334
Operating lease payments recognised as an expense	<u>3,516</u>	<u>3,947</u>

6 Auditors' remuneration

	2022 £ 000	2021 £ 000
Audit of these financial statements	322	319
Audit of the financial statements of subsidiaries of the company pursuant to legislation	453	321
	<u>775</u>	<u>640</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	1,478	1,086
Contributions paid to defined contribution pension schemes	-	18
	<u>1,478</u>	<u>1,104</u>

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

	2022 No.	2021 No.
Accruing benefits under defined contribution pension schemes	-	1

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	<u>698</u>	<u>552</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

8 Staff costs

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

	2022 £ 000	2021 £ 000
Wages and salaries	49,888	46,653
Social security costs	7,729	6,483
Pension costs	1,895	1,815
	<u>59,512</u>	<u>54,951</u>

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

	2022 No.	2021 No.
United Kingdom	568	573
Rest of Europe	352	332
Asia Pacific	16	15
	<u>936</u>	<u>920</u>

9 Other interest receivable and similar income

	2022 £ 000	2021 £ 000
Bank interest receivable	83	4
Interest receivable from parent company	704	479
	<u>787</u>	<u>483</u>

10 Interest payable and similar charges

	2022 £ 000	2021 £ 000
Interest on bank overdrafts and borrowings	32,797	20,701
Interest on obligations under finance leases and hire purchase contracts	51	233
	<u>32,848</u>	<u>20,934</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Exceptional items

	2021 £ 000
UK Restructuring	<u>3,005</u>

UK Restructuring - BFS underwent significant restructuring including redundancies and office closures. BFS is recognising £nil (2021: £3.0m) in relation to these activities.

12 Taxation

Tax charged:

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	-	127
Foreign tax	2,058	2,264
Foreign tax adjustment to prior periods	<u>(85)</u>	<u>-</u>
	<u>1,973</u>	<u>2,264</u>
Total current income tax	<u>1,973</u>	<u>2,391</u>
Deferred taxation		
Arising from origination and reversal of timing differences*	(3,099)	1,150
Adjustments to prior period	1,327	(2,806)
Arising from change in tax rate	<u>(276)</u>	<u>(4,931)</u>
Total deferred taxation	<u>(2,048)</u>	<u>(6,587)</u>
Tax (credit)/charge for the year	<u>(75)</u>	<u>(4,196)</u>

*includes amounts relating to changes in tax rates, see table below.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%). The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	<u>9,468</u>	<u>255</u>
Corporation tax at standard rate	1,799	48
Effect of expense not deductible in determining taxable profit	608	(38)
Deferred tax (credit) / expense relating to changes in tax rates	(456)	(5,765)
Trading losses carried forward and other timing differences	(3,330)	3,903
Tax increase arising from higher rates of tax suffered on foreign territory earnings	140	306
Other tax effects for reconciliation between accounting profit and taxable profit	(78)	156
Decrease in tax from net adjustments for prior periods	<u>1,242</u>	<u>(2,806)</u>
Tax credit for the year	<u>(75)</u>	<u>(4,196)</u>

Factors that may affect future tax charges:

The Group, in the United Kingdom, may utilise losses controlled by its ultimate parent undertaking to reduce its taxable income when profit making, as well as optimising tax depreciation strategy to absorb these losses.

On 3 March 2021 the UK Government announced that the main corporation tax rate will increase to 25% from 1 April 2023, this was substantively enacted 24 May 2021. At the balance sheet date this has been enacted and therefore deferred tax has been recognised at the rates that are expected to apply to the reversal of the timing differences.

As at 31 December 2022 the Group has unused tax losses amounting to £22.0m (2021: £37.8m) for which no deferred tax asset has been recognised. These tax losses are not expected to expire.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Deferred tax

Group

2022	Asset £ 000
Differences between capital allowances and depreciation	16,680
Trading losses	5,947
Other timing differences	170
	<u>22,797</u>

2021	Asset £ 000
Differences between capital allowances and depreciation	15,700
Trading losses	4,884
Other timing differences	163
	<u>20,747</u>

Company

2022	Asset £ 000
Differences between capital allowances and depreciation	15,819
Trading losses	3,986
	<u>19,805</u>

2021	Asset £ 000
Differences between capital allowances and depreciation	14,604
Trading losses	4,271
	<u>18,875</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

13 Investments

Company

	2022 £ 000	2021 £ 000
Investments in subsidiaries	<u>77,850</u>	<u>77,850</u>

A full list of subsidiary undertakings and companies included in the consolidation are reported in Note 26 to the Financial Statements.

14 Intangible fixed assets

Group

	Goodwill £ 000	Software and development £ 000	Total £ 000
Cost			
At 1 January 2022	15,251	37,809	53,060
Additions	-	672	672
Disposals	-	(153)	(153)
Exchange differences	-	97	97
At 31 December 2022	<u>15,251</u>	<u>38,425</u>	<u>53,676</u>
Amortisation and impairment			
At 1 January 2022	15,251	33,218	48,469
Amortisation charge for the year	-	2,834	2,834
Amortisation eliminated on disposals	-	(46)	(46)
Exchange differences	-	72	72
At 31 December 2022	<u>15,251</u>	<u>36,078</u>	<u>51,329</u>
Carrying amount			
At 31 December 2022	<u>-</u>	<u>2,347</u>	<u>2,347</u>
At 31 December 2021	<u>-</u>	<u>4,591</u>	<u>4,591</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Company

	Software and development £ 000
Cost	
At 1 January 2022	<u>36,597</u>
At 31 December 2022	<u>36,597</u>
Amortisation	
At 1 January 2022	32,151
Amortisation charge	<u>2,754</u>
At 31 December 2022	<u>34,905</u>
Carrying amount	
At 31 December 2022	<u>1,692</u>
At 31 December 2021	<u>4,446</u>

The Company has one significant item of software recorded in both the individual and Consolidated Balance Sheet. The asset has a carrying amount of £468,000 (2021: £1,592,000) as at the end of the financial year and the remaining amortisation period is 5 months.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Tangible fixed assets

Group

	Office equipment £ 000	Leasehold improvements £ 000	Total £ 000
Cost			
At 1 January 2022	12,397	7,443	19,840
Additions	10	-	10
Disposals	(97)	(5)	(102)
Foreign exchange movements	89	98	187
At 31 December 2022	<u>12,399</u>	<u>7,536</u>	<u>19,935</u>
Depreciation			
At 1 January 2022	9,364	3,168	12,532
Charge for the year	1,159	834	1,993
Eliminated on disposal	(97)	(5)	(102)
Foreign exchange movements	86	57	143
At 31 December 2022	<u>10,512</u>	<u>4,054</u>	<u>14,566</u>
Carrying amount			
At 31 December 2022	<u>1,887</u>	<u>3,482</u>	<u>5,369</u>
At 31 December 2021	<u>3,033</u>	<u>4,275</u>	<u>7,308</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Company

	Office equipment £ 000	Leasehold improvements £ 000	Total £ 000
Cost			
At 1 January 2022	8,415	6,327	14,742
At 31 December 2022	8,415	6,327	14,742
Depreciation			
At 1 January 2022	6,674	2,709	9,383
Charge for the year	909	661	1,570
At 31 December 2022	7,583	3,370	10,953
Carrying amount			
At 31 December 2022	832	2,957	3,789
At 31 December 2021	1,741	3,618	5,359

Included within office equipment in both the individual and Consolidated Balance sheet are assets with a net book value of £210,000 (2021: £447,000) that are held on finance leases.

Included within leasehold improvements in both the individual and Consolidated Balance sheet are assets with a net book value of £246,000 (2021: £369,000) that are held on finance leases.

16 Cash and cash equivalents

	Group	Group	Company	Company
	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Cash at bank	52,270	50,564	69	-
Bank balances	52,270	50,564	69	-
Bank overdrafts recorded within creditors	(16,754)	(10,271)	-	(179)
Cash and cash equivalents in statement of cash flows	35,516	40,293	69	(179)

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

17 Debtors

	Note	Group		Company	
		2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Trade debtors		836,848	828,722	-	-
Finance lease receivables		51,329	40,126	-	-
Derivative financial instruments held at fair value	23	2,058	628	-	-
Amounts owed by ultimate parent undertakings or controlled group undertakings		15,545	16,005	15,545	16,005
Prepayments		8,374	7,927	1,157	1,029
Other debtors		18,365	17,171	-	544
Deferred tax assets	12	22,797	20,747	19,805	18,875
Total current trade and other debtors		<u>955,316</u>	<u>931,326</u>	<u>36,507</u>	<u>36,453</u>

	Note	Group	
		2022 £ 000	2021 £ 000
Assigned debts receivable		1,273,749	1,291,789
Impairment provision	23	(20,481)	(22,335)
Less deferred assignment consideration owed to factoring clients where there is a full right of recourse		<u>(416,420)</u>	<u>(440,732)</u>
Total trade debtors		<u>836,848</u>	<u>828,722</u>

	Note	Group	
		2022 £ 000	2021 £ 000
Gross finance receivables		51,578	42,750
Impairment provision	23	<u>(249)</u>	<u>(2,624)</u>
Total finance lease receivables		<u>51,329</u>	<u>40,126</u>

Included within finance leases receivables is £31,003,000 (2021: £14,021,000) which falls due after more than one year.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Creditors

	Note	Group		Company	
		2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Due within one year					
Loans and borrowings	23	29,513	38,521	618	2,358
Derivative financial instruments held at fair value	23	1,964	252	-	-
Amounts due to group undertakings		-	-	80,033	74,542
Trade creditors		165,226	169,536	953	390
Social security and other taxes		4,768	5,022	593	397
Corporation tax		660	968	-	-
Accrued expenses		14,307	16,697	4,177	4,066
		<u>216,438</u>	<u>230,996</u>	<u>86,374</u>	<u>81,753</u>
Due after one year					
Loans and borrowings	23	<u>661,729</u>	<u>637,813</u>	<u>584</u>	<u>1,279</u>

19 Share capital

Allotted, called up and fully paid shares

	2022		2021	
	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>

See Note 25 for information on post year end reduction in share capital of the company.

20 Obligations under operating leases

Group

Operating leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	2,798	3,375
Later than one year and not later than five years	5,902	6,857
Later than five years	<u>1,288</u>	<u>1,468</u>
	<u>9,988</u>	<u>11,700</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Company

Operating leases

The total of future minimum lease payments is as follows:

	2022 £ 000	2021 £ 000
Not later than one year	546	755
Later than one year and not later than five years	1,905	1,986
Later than five years	317	793
	<u>2,768</u>	<u>3,534</u>

21 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 surplus / deficit in the Scheme and makes contributions in line with a schedule of contributions agreed with the Trustees of the pension scheme.

A Scheme surplus of £1,590,000 (2021: £2,624,000) is noted in the financial statements of the principal employer, Bibby Line Group Limited. Bibby Line Group is legally responsible for the plan. 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 defined contribution pension plans and amounts £1,895,000 (2021: £1,815,000).

22 Financial guarantee contracts

Group

The Group has provided £nil (2021: £839,000) 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 26 to the financial statements, apart from UK Securitisation where alternatively the performance of its subsidiaries which are sellers and servicers within the UK Securitisation is guaranteed.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

23 Financial instruments

Group

Financial instrument policies are reported in Accounting Policies specifically on pages 35, 36 and 37. The following table summarises the financial instruments of the Group included in the Consolidated Balance Sheet:

Categorisation of financial instruments

	2022 £ 000	2021 £ 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	888,177	868,848
Other financial assets including other debtors and cash and cash equivalents, that are measured at amortised cost	67,815	66,569
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	2,058	628
	<u>958,050</u>	<u>936,045</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	690,146	674,401
Financial liabilities that are external finance lease and hire purchase agreements, secured on underlying plant, equipment and intangible assets recorded in fixed assets	1,096	1,933
Other financial liabilities, including trade and other payables that are measured on an amortised cost basis	165,226	169,536
Financial liabilities that are derivative instruments used within foreign exchange trading businesses and not for direct Group hedging purposes measured at fair value through turnover of that business	1,964	252
	<u>858,432</u>	<u>846,122</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 2022 (continued)

	Group	
	2022	2021
	£ 000	£ 000
Performing	879,040	863,365
Non-performing	29,869	30,442
Impairment provision	<u>(20,730)</u>	<u>(24,959)</u>
Total financial assets that are trade debtors and finance lease receivables and measured at amortised cost	<u>888,179</u>	<u>868,848</u>

	Group	
	2022	2021
	£ 000	£ 000
Provision for impairment of financial assets, being trade debtors and finance lease receivables, at 1 January	24,959	27,562
New provisions charged to profit and loss	5,562	5,334
Financial assets written off	(9,359)	(6,873)
Recoveries on previous financial assets written off	(940)	(660)
Exchange differences	<u>508</u>	<u>(404)</u>
Provision for impairment of financial assets, being trade debtors and finance lease receivables, at 31 December	<u>20,730</u>	<u>24,959</u>

Credit quality of derivative financial instruments

	2022	2021
	£ 000	£ 000
Derivative contracts with a positive fair value recorded within debtors		
Derivatives bought from BBB rated financial currency vendors	532	469
Derivatives sold to counterparties without published external credit rating	<u>1,526</u>	<u>159</u>
	<u>2,058</u>	<u>628</u>
Derivative contracts with a negative fair value recorded within creditors due within 1 year		
Derivatives bought from BBB rated financial currency vendors	(1,727)	(113)
Derivatives sold to counterparties without published external credit rating	<u>(237)</u>	<u>(139)</u>
	<u>(1,964)</u>	<u>(252)</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (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	
	2022	2021
	£ 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 various interest rate benchmarks	338,502	327,875
UK junior notes, secured by secondary charge on trade receivables and floating charges over assets of certain subsidiaries. Facility carries variable interest above various interest rate benchmarks	105,000	105,000
Other UK overdraft, block discounting and revolving credit facilities, secured against book debts and fixed and floating charges over assets of certain subsidiaries. Facilities carry variable interest above various interest rate benchmarks	35,926	24,221
Various European overdraft and back-to-back credit facilities, secured against book debts, pledges and fixed and floating charges over assets of certain subsidiaries. Facilities carry variable interest above various interest rate benchmarks	198,250	204,858
Various Asia Pacific credit facilities, secured against book debts and floating charges over assets of certain subsidiaries. Facilities carry variable interest above various interest rate benchmarks	12,361	10,922
Various asset amortising loans of the Group, secured on equipment recorded within tangible fixed assets and software recorded in intangible fixed assets	107	1,525
Finance leases of the Group, secured on equipment recorded within tangible fixed assets and software recorded in intangible fixed assets	1,096	1,933
	<u>691,242</u>	<u>676,334</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	16,754	-	-	16,754
Senior and junior funding notes	-	443,502	-	443,502
Bank loans	12,244	217,646	-	229,890
Finance leases	515	581	-	1,096
Derivative financial instruments	1,964	-	-	1,964
Trading and other payables	184,961	-	-	184,961
	<u>216,438</u>	<u>661,729</u>	<u>-</u>	<u>878,167</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (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 £5,600,000 (2021: £5,000,000) higher. Conversely, if Sterling strengthened 10% against the world's major currencies, shareholders' funds would be £4,500,000 (2021: £4,200,000) lower.

24 Parent and ultimate parent undertaking

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

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

25 Non adjusting events after the financial period

Share capital reductions:

On 15 March 2023, shareholders agreed, by special resolution, that the issued share capital of the company be reduced from £62,600,000 to £5,000,000 by cancelling and extinguishing 57,600,000 of the issued ordinary shares of £1.00 in the Company, each of which is fully paid up and the amount by which the share capital is reduced is credited to the profit and loss reserve.

Dividend:

On 28 April 2023, the Directors recommended and paid a dividend of £10,000,000. This dividend has not been recognised as a liability in the financial statements.

Non-adjusting considerations:

The Directors have considered the potential impact of the collapse of Silicon Valley Bank, Signature Bank, First Republic Bank and Credit Suisse including the mitigating measures and uncertainties on the Group and have concluded that these are non-adjusting post balance sheet events as the Group does not have any exposure (either direct cash exposure or direct/indirect through investments) with any of the aforementioned banks. The Directors have taken account of these events in the going concern assessment.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

26 List of subsidiary undertakings

Group

Details of undertakings

Details of the investments in which the group holds 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 2022.

Undertaking	Country of incorporation	Holding	Voting rights and shares held	
			2022	2021
Subsidiary undertakings				
Bibby FS (Holdings) Limited*	England**	Ordinary	100%	100%
Bibby Financial Services (UK) Limited	England	Ordinary	100%	100%
Bibby Asset Finance Limited	England**	Ordinary	100%	100%
Bibby Leasing Limited	England	Ordinary	100%	100%
Bibby Corporate Financial Solutions Limited	England	Ordinary	100%	100%
Bibby Trade Services Limited	England	Ordinary	100%	100%
Bibby Financial Services (FX) Limited	England	Ordinary	100%	100%
Bibby Foreign Exchange Limited	England	Ordinary	100%	100%
Coverly Limited*	England	Ordinary	100%	100%
Bibby Invoice Finance UK 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 Commercial Finance Limited	England**	Ordinary	100%	100%
Bibby Factors Northeast Limited	England**	Ordinary	100%	100%
Bibby Factors Northwest Limited	England**	Ordinary	100%	100%
Bibby Factors Scotland Limited	Scotland**	Ordinary	100%	100%
Bibby Factors Slough Limited	England**	Ordinary	100%	100%
Bibby Factors Sussex Limited	England**	Ordinary	100%	100%
Bibby Factors Wessex Limited	England**	Ordinary	100%	100%
Bibby Factors Yorkshire Limited	England**	Ordinary	100%	100%
Bibby Factors International Limited	England**	Ordinary	100%	100%

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

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 Management Services Limited	England**	Ordinary	100%	100%
Factoring UK Group Limited	England**	Ordinary	100%	100%
Cashflow UK Limited	England**	Ordinary	100%	100%
BFS Marine Finance (Holdings) Limited	England**	Ordinary	100%	0%
BFS Marine Finance (UK) Limited	England**	Ordinary	100%	0%
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 (Singapore) Pte Limited	Singapore	Ordinary	100%	100%
Bibby Financial Services (India) Pvt Limited	India	Ordinary	75%	75%
Bibby Factoring Services (Malaysia) Sdn Bhd	Malaysia	Ordinary	100%	100%
Bibby Financial Services (Asia) Limited	Hong Kong	Ordinary	100%	100%

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Principal activities and details of registered offices

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The principal activity of BFS Marine Finance (Holdings) Limited is investment holding and management services. The address of its registered office is 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 14544495.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

The principal activity of BFS Marine Finance (UK) Limited is asset finance. The address of its registered office is 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 14546321.

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

The principal activity of Bibby Factors France S.A. is debt factoring. The address of its registered office is 160 Avenue Jean Jaures, 69007, Lyon, France.

The principal activity of Bibby Financial Services (Ireland) Limited is debt factoring. The address of its registered office is 4th Floor Heather House, Heather Road, 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, 4rd Floor, Walker House, Exchange Flags, Liverpool L2 3YL, UK.

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

The principal activity of Bibby Financial Services, a.s. is debt factoring. The address of its registered office is Hlinky 505/118, 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, Slovakia.

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 Financial Services (India) Pvt Limited is debt factoring. The address of its registered office is B-583, Sushant Lok Phase I, Near Park Plaza, Gurugram, Haryana, India.

The principal activity of Bibby Factoring Services (Malaysia) Sdn Bhd is debt factoring. The address of its registered office is Unit C-12-5 Level 12 Block C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450, Kuala Lumpur, Malaysia.

The principal activity of Bibby Financial Services (Asia) Limited is debt factoring. The address of its registered office is 14th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong.

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

The Company has controlling influence over BFS Funding I 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 I Charitable Trust (BO), whose trustee is Intertrust Offshore Limited.

BFS Funding I 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.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

Details of dormant undertakings incorporated in England

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

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

Details of dissolution of subsidiary entities

During the year the following UK subsidiaries were dissolved:

Bibby Factors Borehamwood Limited
Bibby Factors Bedford Limited
Bibby ACF Limited
Bibby Transactional Finance Limited
BFS Corporate Financial Solutions Limited
Bibby Debt Finance Limited
Bibby Finance 1 Limited
Bibby Finance 2 Limited