

Registration number: 09341390

Bibby Financial Services (UK) Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2019



Bibby Financial Services (UK) Limited

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Bibby Financial Services (UK) Limited.

Company Information

Directors	Edward James Winterton David Postings Ian Stuart Ramsden Theovinder Singh Chatha Ian Downing
Company secretary	Bibby Bros. & Co.(Management) Limited
Registered office	3rd Floor Walker House Exchange Flags Liverpool L2 3YL
Auditors	Deloitte LLP Statutory Auditor Liverpool United Kingdom

Bibby Financial Services (UK) Limited

Strategic Report for the Year Ended 31 December 2019

The Directors present their strategic report for the year ended 31 December 2019.

What we do

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

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

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

Globally, BFS supports more than 12,000 business customers in over 300 industry sectors. In 2019, the business operated in 12 countries across Europe and Asia

Strategy

BFS's purpose is to help small and medium sized entities (SMEs) thrive. To deliver this purpose and achieve the Group's corporate objectives, our strategy is to 'focus and grow' and is based on three key pillars, referred to as the three 'Cs':

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

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

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

Bibby Financial Services (UK) Ltd

Bibby Financial Services (UK) Ltd ("BFS UK") acts as the controlling company for BFS investments in United Kingdom subsidiary undertakings.

Financial performance

Following changes in the global finance team, the Board reviewed the accounting approach in a number of areas across BFS. The Board initially instructed PricewaterhouseCoopers ("PwC"), as internal auditors, to support the review and to validate BFS' findings. As a result of this review, the Board then instructed a separate team from PwC to undertake a detailed forensic review of the BFS Balance Sheet including BFS UK. Following the investigation, the Directors' concluded that a restatement of the 2018 financial statements was required. Please see Note 19 for further details of the effect of the group wide prior year adjustment on the BFS UK financial statements.

The Company has taken exemption from preparing group financial statements. On this basis this Strategic Report reflects activities and performance of the Company only and not of its subsidiaries. The Company provides central management services to its operating subsidiaries and its profitability would look to show the returns from underlying investments above centralised cost. The Company continues to receive dividends from its underlying subsidiaries covering annual cost reported in the financial statements. Apart from overall profit and loss, there are no key performance indicators used by management to monitor individual company performance. Performance management is assessed at a Group level after inclusion of the trading performance of subsidiaries.

Bibby Financial Services (UK) Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Deferred tax assets have been recognised for the first time in respect of UK corporation tax losses carried forward. The Company is a subsidiary of a large UK corporation tax group controlled by the ultimate parent undertaking Bibby Line Group Limited. The Company surrenders tax losses to other members of the tax group and the Group continues to optimally manage its overall tax loss position and its tax allocation of profits and losses across individual members. The Company expects to utilise its losses carried forward across the Group in future periods.

In 2019 BFS continued to see good growth across UK and Europe however, headwinds faced by our North American business along with three significant bad debts impacted profitability. In response to the 2019 financial performance and the continued difficult trading conditions, BFS has taken a number of measures to improve profitability. These include the disposal of our North American business, restructure of the UK operations and central support functions and a review of investment spend.

Restructure of UK operations and reduction in central support team in 2020 is in response to intensifying competition across our portfolio of invoice finance products and continued liquidity in the market, creating pressure on margins and creating increased focus on overheads and cost to serve. We conducted a review of the UK Operating Model from a people, process and technology perspective in addition to our geographical footprint. The proposal is to refocus our UK footprint, implement efficiencies and standardise core processes to ensure that the UK business continues to grow. Our business strategy is to “focus and grow” which this project will be directly supporting. This will be achieved by rationalising our footprint into key geographical areas of the UK allowing the business to centralise our back-office processes whilst retaining sales, relationship management and risk teams in the regions. We will reduce the numbers of offices we operate from 16 to 8. The 2019 financial statements contained are not impacted by these decisions which were announced to the business in early 2020.

BFS remains a strong business with a healthy, growing income stream, loyal clients and an engaged team. In employing more than 1,200 people worldwide, BFS is proud to have been awarded a place in the Sunday Times Best Companies to Work For in 2019. This marks the businesses sixth consecutive placement in the top 100 companies and eighth time since 2010.

Section 172(1) statement

From the perspective of the BFS UK Board, as a result of the group governance structure whereby some of the BFS UK Board is embedded within the BFS board, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 have been considered to an appropriate extent by the BFS Board in relation to both BFS and to BFS UK. The BFS UK Board has also considered relevant matters where appropriate. To the extent necessary for an understanding of the development, performance and position of BFS UK, an explanation of how the BFS Board has considered the matters set out in s172 (for BFS and for BFS UK) is set out on page 8, 9 and 10 of BFS's Annual report, which does not form part of this report.

Principal risks and uncertainties

The Company's principal risk relates to the profitability of its investments and the impact on the valuation of equity investments in subsidiaries. The Company acts as guarantor on a number of subsidiary financing facilities and its assets are subject to floating security charges.

The recent Covid-19 pandemic has affected the Group and all of its stakeholders, as may the subsequent risk of a down turn in the economy. The likely resulting recession will cause uncertainty for the Group and may impact our colleagues, clients, funders and shareholders. While it remains too early to know the full impact of Covid-19, the Group has traditionally performed well through economic cycles and therefore, we remain confident in our business model and strong experience of our colleagues to respond well to the challenges and opportunities that may arise.

Bibby Financial Services (UK) Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Financial instruments

Objectives and policies

The Company has limited trade and limited exposure to financial risk, which is contained to the financing arrangements of subsidiaries and some financial support offered to those subsidiaries. Excess returns from subsidiaries above the costs of providing centralised support to those subsidiaries is distributed to shareholders,

Approved by the Board on 17 July 2020 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 (UK) Limited

Directors' Report for the Year Ended 31 December 2019

The Directors present their report and the financial statements for the year ended 31 December 2019.

Directors of the Company

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

Edward James Winterton

David Postings

Ian Stuart Ramsden

Theovinder Singh Chatha (appointed 23 September 2019)

Ian Downing

Steven Vears Robinson (resigned 22 August 2019)

Stephen George Rose (resigned 23 September 2019)

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.

Going concern

The Directors have a reasonable expectation that the Company has 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 Company's budget, operating plan and updated forecasts, in light of Covid-19, along with a range of stress scenarios.

There is a letter of support in place between the Company and its Parent Company (BFS). The letter of support states that the Parent Company, for at least 12 months from the date of approval of these accounts, will continue to make available such funds as are needed to enable the Company to continue to meet its liabilities in the ordinary course of business as they fall due.

The Directors also considered the impact of the prior year restatement on the Company's financial position and forecast performance. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies in the notes to the Financial Statements.

Matters included in Strategic Report

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

In accordance with s172 of the Companies Act 2006, included within the strategic report is information relating to employee engagement and business relationships, 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.

Employment of disabled persons

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

Bibby Financial Services (UK) Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Stakeholders

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

Corporate responsibility

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

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

Employee involvement

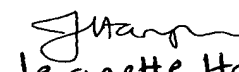
Our success depends on our people and we operate a culture where we engage, motivate and help employees to achieve their potential. Diversity, safety, well-being, training and career development are an essential part of our culture to ensure we are meeting the needs of our people. We are therefore delighted that our engagement scores continue to improve year-on-year. This is a clear demonstration of the success we are delivering against "Being a great place to work".

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

Disclosure of information to the auditors

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board on 17 July 2020 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 (UK) Limited

Directors' Responsibilities Statement

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

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Bibby Financial Services (UK) Limited

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

Report on the audit of financial statements

Opinion on the financial statements

In our opinion the financial statements of Bibby Financial Services (UK) Limited ('the Company':

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 21.

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

Basis for opinion

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

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

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Bibby Financial Services (UK) Limited

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

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

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.

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

Bibby Financial Services (UK) Limited

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

Matters on which we are required to report by exception

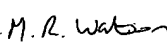
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:

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Martin Watson ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Liverpool
United Kingdom

17 July 2020

Bibby Financial Services (UK) Limited

Statement of Income and Retained Earnings for the Year Ended 31 December 2019

		2019	(As restated) 2018
	Note	£	£
Administrative expenses		<u>(26,020,316)</u>	<u>(26,453,272)</u>
Operating loss	3	(26,020,316)	(26,453,272)
Other interest receivable and similar income	5	<u>76,424,961</u>	<u>585,622</u>
Profit/(loss) before tax		50,404,645	(25,867,650)
Taxation	8	<u>9,732,757</u>	<u>-</u>
Profit/(loss) for the financial year		60,137,402	(25,867,650)
Retained earnings brought forward		(23,803,578)	2,064,072
Dividends paid		<u>(45,000,000)</u>	<u>-</u>
Retained earnings carried forward		<u>(8,666,176)</u>	<u>(23,803,578)</u>

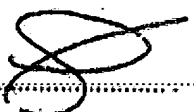
The notes on pages 13 to 27 form an integral part of these financial statements.

Bibby Financial Services (UK) Limited

(Registration number: 09341390)
Balance Sheet as at 31 December 2019

	Note	2019 £	(As restated) 2018 £
Fixed assets			
Intangible assets	10	-	307,948
Tangible assets	11	-	273,209
Investments	9	92,185,000	92,185,000
		<u>92,185,000</u>	<u>92,766,157</u>
Current assets			
Debtors	12	41,179,423	55,119,030
Creditors: Amounts falling due within one year	13	<u>(51,845,598)</u>	<u>(81,503,764)</u>
Net current liabilities		<u>(10,666,175)</u>	<u>(26,384,734)</u>
Net assets		<u>81,518,825</u>	<u>66,381,423</u>
Capital and reserves			
Called up share capital	14	90,185,001	90,185,001
Retained earnings		<u>(8,666,176)</u>	<u>(23,803,578)</u>
Shareholders' funds		<u>81,518,825</u>	<u>66,381,423</u>

Approved and authorised by the Board on 17 July 2020 and signed on its behalf by:



 Ian Downing
 Director

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 General information

Bibby Financial Services (UK) Limited is a private company limited by shares and incorporated in England, registration number 09341390. 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 FS (Holdings) Limited. Bibby Financial Services Limited is the parent undertaking of the smallest group which consolidates these financial statements for which the Company is a member. Bibby Line Group Limited is the parent undertaking of the 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 parent financial statements can be obtained from their registered offices at 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL (www.bibbygroup.co.uk).

These financial statements were authorised for issue by the Board on 17 July 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and applicable legislation as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008.

Basis of preparation

The financial statements have been prepared under the historical cost convention. The primary economic environment in which the Company operates is governed by the Great British Pound, its functional currency. As such the Company financial statements have been prepared in this currency.

Exemption from preparing group accounts

Under section 400 of the Companies Act 2006, the Company is exempt from the requirement to prepare consolidated financial statements.

Summary of disclosure exemptions

The company has chosen to take advantage of the disclosure exemptions in FRS 102 Section 1.12 to not prepare a statement of cashflows as would be required by Section 7 'Statement of Cashflows', from not disclosing information about the nature of its financial instruments as would be required in Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues', and from not disclosing key management personnel compensation as would be required in Section 33 'Related Party Transactions'.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Going concern

The financial statements are prepared on a going concern basis. In reaching their view on the preparation of the financial statements on a going concern basis, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The continuing uncertain economic conditions present increased risks for all businesses, including those posed by the Coronavirus pandemic in 2020. Many global governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

In response to such conditions the Directors have carefully considered these risks, including an assessment of any uncertainty on the viability of the Company's business model and the extent to which they may affect the preparation of the financial statements on a going concern basis. Based on this assessment, the Directors consider that the Company maintains an appropriate level of capital and liquidity, sufficient to meet the demands of the business and the requirements which might arise in stressed circumstances. The Company's subsidiaries remains compliant with all banking covenants where the Company acts as guarantor. In addition, the Company's assets are assessed for recoverability on a regular basis and provision is made where appropriate. The Directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

Operating leases

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Tax

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

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

Investments

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

Dividends received from fixed asset investments are recognised in profit and loss when received.

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	20% - 33% on cost

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Intangible fixed assets

Intangible assets are recognised 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. Amortisation begins when the asset is ready for use.

Financial instruments

The Company has applied the provisions of FRS 102 Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full.

Classification

Financial assets and liabilities are recognised when the Company becomes party to the contractual provisions of the financial instrument. The Company holds basic financial instruments only, which comprise cash and cash equivalents, trade and other debtors, trade and other creditors.

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 debtors, including amounts owed by group undertakings. Financial liabilities, classified as basic financial instruments are trade and other creditors, including amounts owed to group undertakings. 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 Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Impairment of financial assets

The Company 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 Company 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.

Cash and cash equivalents

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

Debtors

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the Company 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.

Share capital

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

Dividends

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

Defined contribution pension obligation

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

Under such pension schemes 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 (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Critical accounting policies when judgement or estimation may be applied

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 influence that the Directors have had 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 assessing the impairment of fixed asset investments. In assessing whether there have been an indicators of impairment associated with the Company's investments, the Directors' have considered both external and internal sources of information such as subsidiary financial performance and position, market insight and technological, economic and legal environments in which they operate.

Prior year adjustment

In 2019, information came to light following organisational changes within the finance function. The Board reviewed the accounting approach in a number of areas across the whole BFS group. The Board initially instructed PwC, as internal auditors, to support the review and to validate BFS' findings. As a result of this review, the Board then instructed a separate team from PwC to undertake a more detailed forensic review of the BFS Balance Sheet. The investigation concluded, and the Board agreed, that a restatement of the 2018 financial statements was required. There have been no cash outflows as a result of the prior year adjustment. Further information on the effect of the prior year adjustment on BFS UK can be found in Note 19.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

3 Operating loss

Arrived at after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	273,209	291,606
Operating lease expenses	<u>488,606</u>	<u>578,129</u>

4 Auditor's remuneration

	2019 £	2018 £
Audit of the financial statements	<u>20,000</u>	<u>20,000</u>

5 Other interest receivable and similar income

	2019 £	2018 £
Interest income from group undertakings	74,961	85,622
Dividends received from group undertakings	<u>76,350,000</u>	<u>500,000</u>
	<u>76,424,961</u>	<u>585,622</u>

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019	2018
	£	£
Remuneration	265,104	651,081
Company contributions to defined contribution pension schemes	18,270	30,571
	<u>283,374</u>	<u>681,652</u>

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

	2019	2018
	No.	No.
Company contributions to defined contribution pension schemes	<u>1</u>	<u>4</u>

In respect of the highest paid director:

	2019	2018
	£	£
Remuneration	265,104	252,587
Company contributions to defined contribution pension schemes	<u>18,270</u>	<u>18,000</u>

7 Staff costs

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

	2019	2018
	£	£
Wages and salaries	15,153,087	13,877,919
Social security costs	1,788,007	1,552,159
Pension costs, defined contribution scheme	467,458	419,078
	<u>17,408,552</u>	<u>15,849,156</u>

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

	2019	2018
	No.	No.
Administration and support	<u>263</u>	<u>230</u>

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Taxation

Tax charged/(credited) in profit and loss:

	2019 £	2018 £
Deferred taxation		
Arising from origination and reversal of timing differences	(5,074,933)	-
Arising from changes in tax rates and laws	(250,923)	-
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	(4,406,901)	-
Total deferred taxation	<u>(9,732,757)</u>	<u>-</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	(As restated) 2018 £
Profit/(loss) before tax	<u>50,404,645</u>	<u>(25,867,650)</u>
Corporation tax at standard rate	9,576,882	(4,914,854)
Tax effect of dividends from UK companies	(14,506,500)	(95,000)
Other tax effects for reconciliation between accounting profit and taxable profit	(145,315)	5,009,854
Adjustments to prior year	(4,406,901)	-
Deferred tax expense (credit) relating to changes in tax rates or laws	(250,923)	-
Total tax credit	<u>(9,732,757)</u>	<u>-</u>

Deferred tax

Deferred tax assets

2019	Asset £
Differences in book depreciation and tax depreciation	236,604
Corporation tax losses carried forward	<u>9,605,922</u>
	<u>9,842,526</u>

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

8 Taxation (continued)

2018	Asset £
Differences in book depreciation and tax depreciation	109,769
Corporation tax losses carried forward	-
	<u>109,769</u>

Deferred tax assets have been recognised for the first time in respect of UK corporation tax losses carried forward. The company is a subsidiary of a large UK corporation tax group controlled by the ultimate parent undertaking Bibby Line Group Limited. The Company surrenders tax losses to other members of the tax group and the Group continues to optimally manage its overall tax loss position and its tax allocation of profits and losses across individual members.

Adjustments to prior year relate to adjustment to the final surrender of Company losses to the Group for financial years 2017 and 2018 and the alternative carry forward of such losses. The Company expects to utilise deferred tax assets by surrendering losses to other members of its UK tax group in the future 5 year trading period.

9 Investments in subsidiary undertakings

Subsidiaries	£
Cost	
At 1 January 2019 and 31 December 2019	<u>92,185,000</u>

A full list of subsidiary undertakings is reported in Note 21 to the Financial Statements.

10 Intangible assets

	Software and development £
Cost	
At 1 January 2019	307,948
Additions	266,489
Transferred to parent undertaking	<u>(574,437)</u>
At 31 December 2019	-
Carrying amount	
At 31 December 2019	<u>-</u>
At 31 December 2018	<u>307,948</u>

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

11 Tangible assets

	Office equipment £
Cost	
At 1 January 2019 and 31 December 2019	679,339
Depreciation	
At 1 January 2019	406,130
Charge for the year	273,209
At 31 December 2019	679,339
Carrying amount	
At 31 December 2019	-
At 31 December 2018	273,209

12 Debtors

		2019 £	(As restated) 2018 £
Amounts owed by group undertakings		29,268,418	53,183,965
Other debtors		70,978	187,061
Prepayments		1,997,501	1,638,235
Deferred tax assets	8	9,842,526	109,769
		<u>41,179,423</u>	<u>55,119,030</u>

13 Creditors

	2019 £	(As restated) 2018 £
Due within one year		
Trade creditors	82,644	194,613
Amounts due to group undertakings	50,001,436	78,617,529
Social security and other taxes	272,025	-
Accrued expenses	1,489,493	2,691,622
	<u>51,845,598</u>	<u>81,503,764</u>

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

14 Called up share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>90,185,001</u>	<u>90,185,001</u>	<u>90,185,001</u>	<u>90,185,001</u>

15 Dividends

	2019	2018
	£	£
Dividend paid to corporate shareholders	<u>45,000,000</u>	<u>-</u>

16 Contingent liabilities

The Company is a guarantor for banking facilities of some of its subsidiary undertakings. Security for such facilities is initially secured on the borrower's client advance book and floating charge over the borrowers other assets.

17 Obligations under leases

Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	348,710	343,674
Later than one year and not later than five years	<u>511,114</u>	<u>414,156</u>
	<u>859,824</u>	<u>757,830</u>

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

18 Related party transactions

Summary of transactions with other related parties

The Company has taken advantage of the exemption in FRS 102 from disclosing transactions with other wholly owned members of the group controlled by its parent undertaking.

19 Prior period errors

In 2019, information came to light following organisational changes within the finance function and internal reviews in the year which indicated the material misstatement of a number of accounting balances within the Group financial statements.

The Board reviewed the accounting approach in a number of areas across BFS. The Board initially instructed PwC, as internal auditors, to support the review and to validate BFS' findings. As a result of this review, the Board then instructed a separate team from PwC to undertake a more detailed forensic review of the BFS Balance Sheet. The investigation concluded, and the Board agreed, that a restatement of the 2018 financial statements was required. The 2018 financial results have been restated in accordance with FRS 102 Section 10 - Accounting Policies, Estimations and Errors.

The Board also requested a comprehensive financial controls review, supported by PwC as our internal auditors, with a number of enhanced controls being implemented over the 2020 financial year. The implementation of these controls is being actively monitored by the Audit and Risk committee. Furthermore, there have been a number of personnel changes in the senior finance team.

The impact of the prior year adjustments on the Company's Profit and Loss account and Balance Sheet are shown below. The restatement arises from errors resulting in an overstatement of certain asset values and under-recognition of certain liabilities in particular in relation to the completeness of costs including intermediary and internal sales commission payments.

The restatement resulted in an overstatement of the 2018 profit by £1,749,942.

Line items affected by the prior year restatement are as follows:

	As previously reported £	Restatement £	Restated £
Prepayments	2,486,235	(848,000)	1,638,235
Accruals	(1,789,680)	(901,942)	(2,691,622)
Administration expenses	24,703,330	1,749,942	26,453,272
Net assets	<u>68,131,365</u>	<u>(1,749,942)</u>	<u>66,381,423</u>

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

20 Non adjusting events after the financial period

In January 2020, the business announced restructuring decisions including a reduction in geographical footprint of subsidiary operating offices and redevelopment of its corporate services teams. The 2019 financial statements are not impacted by these decisions.

On 11 March 2020, the World Health Organisation declared the Coronavirus (Covid-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the year ended 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events, BFS UK cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future. Notwithstanding this, the Company's business model has performed well over many economic cycles and our good capital and funding position will allow us to respond well to the challenges and opportunities that may arise. The Directors will continue to monitor the impact of the Covid-19 pandemic on the activities of the Company.

21 Investments in subsidiary undertakings

Details of undertakings

Details of interests in subsidiary undertakings are reported below. All companies are incorporated in England and have a registered office at 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL. Bibby Factors Scotland Limited is registered in Scotland and has a registered office at 1st Floor, Unit 2, Block B, Kittleyards, Causewayside, Edinburgh, EH9 1 PJ.

Undertaking	Country of incorporation	Holding	Proportion of voting rights held
Subsidiary undertakings			
Bibby Asset Finance Limited	England**	Ordinary *	100%
Bibby Leasing Limited	England	Ordinary	100%
Bibby Corporate Financial Solutions Limited	England	Ordinary*	100%
BFS Corporate Financial Solutions Limited	England	Ordinary*	100%
Bibby Financial Services (FX) Limited	England	Ordinary *	100%
Bibby Foreign Exchange Limited	England	Ordinary	100%
Bibby Foreign Exchange (Solutions) Ltd	England	Ordinary	100%
Bibby Management Services Limited	England**	Ordinary *	100%

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

21 Investments in subsidiary undertakings (continued)

Bibby Trade Services Limited	England	Ordinary *	100%
Factoring UK Group Limited	England**	Ordinary *	100%
Cashflow UK Limited	England**	Ordinary	100%
Bibby Invoice Finance UK Limited	England	Ordinary *	100%
Bibby ACF Limited	England	Ordinary	100%
Bibby Factors Bedford Limited	England	Ordinary	100%
Bibby Factors Borehamwood Limited	England	Ordinary	100%
Bibby Factors Bristol Limited	England	Ordinary	100%
Bibby Factors Leicester Limited	England	Ordinary	100%
Bibby Factors Limited	England	Ordinary	100%
Bibby Factors Manchester Limited	England	Ordinary	100%
Bibby Factors Northeast Limited	England	Ordinary	100%
Bibby Factors Northwest Limited	England	Ordinary	100%
Bibby Factors Scotland Limited	Scotland	Ordinary	100%
Bibby Factors Slough Limited	England	Ordinary	100%
Bibby Factors Sussex Limited	England	Ordinary	100%
Bibby Factors Wessex Limited	England	Ordinary	100%
Bibby Factors Yorkshire Limited	England	Ordinary	100%
Bibby Factors International Limited	England	Ordinary	100%
Bibby Trade Factors Limited	England	Ordinary	100%
Bibby Invoice Discounting Limited	England	Ordinary	100%
Bibby Revolving Finance Limited	England	Ordinary	100%
Bibby Transactional Finance Limited	England	Ordinary	100%
Global Management Services Limited	England	Ordinary	100%

* indicates direct investment of the company

** For the year ending 31 December 2019, these subsidiaries have taken exemption from audit under s479A of the Companies Act 2006 under the authorisation of Bibby Financial Services (UK) Limited.

The principal activity of Bibby Asset Finance Limited is asset financing.

The principal activity of Bibby Leasing Limited is asset financing.

The principal activity of Bibby Corporate Financial Solutions Limited is stock funding and factoring

The principal activity of BFS Corporate Financial Solutions Limited is dormant

The principal activity of Bibby Financial Services (FX) Limited is foreign exchange services.

The principal activity of Bibby Foreign Exchange Limited is foreign exchange services.

The principal activity of Bibby Foreign Exchange (Solutions) Ltd is foreign exchange services.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

21 Investments in subsidiary undertakings (continued)

The principal activity of Bibby Management Services Limited is management services.

The principal activity of Bibby Trade Services Limited is trade financing.

The principal activity of Factoring UK Group Limited is brokerage.

The principal activity of Cashflow UK Limited is brokerage.

The principal activity of Bibby Invoice Finance UK Limited is debt factoring.

The principal activity of Bibby ACF Limited is debt factoring.

The principal activity of Bibby Factors Bedford Limited is debt factoring.

The principal activity of Bibby Factors Borehamwood Limited is debt factoring.

The principal activity of Bibby Factors Bristol Limited is debt factoring.

The principal activity of Bibby Factors Leicester Limited is debt factoring.

The principal activity of Bibby Factors Limited is debt factoring.

The principal activity of Bibby Factors Manchester Limited is debt factoring.

The principal activity of Bibby Factors Northeast Limited is debt factoring.

The principal activity of Bibby Factors Northwest Limited is debt factoring.

The principal activity of Bibby Factors Scotland Limited is debt factoring.

The principal activity of Bibby Factors Slough Limited is debt factoring.

The principal activity of Bibby Factors Sussex Limited is debt factoring.

The principal activity of Bibby Factors Wessex Limited is debt factoring.

The principal activity of Bibby Factors Yorkshire Limited is debt factoring.

The principal activity of Bibby Factors International Limited is debt factoring.

The principal activity of Bibby Trade Factors Limited is debt factoring.

The principal activity of Bibby Invoice Discounting Limited is confidential debt factoring.

The principal activity of Bibby Revolving Finance Limited is debt factoring.

The principal activity of Bibby Transactional Finance Limited is transactional financing.

The principal activity of Global Management Services Limited is management services.