

Bibby Financial Services (UK) Limited

Annual Report and Financial Statements
for the Year Ended 31 December 2020

Bibby Financial Services (UK) Limited

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Bibby Financial Services (UK) Limited

Company Information

Directors	Theovinder Singh Chatha Richard Olver Ian Stuart Ramsden Ian Downing
Company secretary	Jeanette Hampson Bibby Bros. & Co.(Management) Limited
Registered office	3rd Floor Walker House Exchange Flags Liverpool L2 3YL
Auditors	Mazars LLP Senior Statutory Auditor London United Kingdom

Bibby Financial Services (UK) Limited

Strategic Report for the Year Ended 31 December 2020

The Directors present their strategic report for the year ended 31 December 2020.

What we do

Bibby Financial Services Limited (BFS), (the 'Parent Company') and its subsidiaries (the 'Group'), provides invoice finance, asset finance, trade finance and foreign exchange services to small and medium sized businesses.

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

By so doing, BFS enables businesses to overcome cash flow issues, purchase new equipment, grow, expand and trade overseas. We also support management buy ins and buy outs, and corporate restructuring.

BFS currently supports more than 9,000 business customers in over 300 industry sectors, operating in 9 countries across Europe and Asia.

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.

Strategic review

Despite the worst market conditions in recent history, the BFS Group broadly maintained underlying performance versus the prior year by implementing substantial positive, strategic change throughout the BFS Group while continuing to support new and existing SMEs. As a part of the UK structure BFS (UK) was positively impacted by these changes, principally through cost reduction measures as the business "right sized" its operations to ensure it remains well positioned going forward.

The BFS Group continued to strengthen key management positions to ensure the BFS strategy, including BFS (UK), is delivered. Following the appointment of Jonathan Andrew as BFS Group CEO in September 2020, BFS announced a series of external hires to enhance the breadth and experience of our executive leadership team. In addition, following the year end Sir Michael Bibby joined the BFS Board as Chairman, Geoffrey Bibby as Non-Executive Director, and Simon Perry as Non-Executive Director and Chair of the BFS Group Audit Committee. Each appointment brings considerable experience and understanding of both our business and the competitive landscape in which we operate.

The BFS (UK) subsidiary undertakings maintain a solid funding base and strong funding relationships, with our funders supportive of the business. The BIF Group, which forms part of the BFS (UK) subsidiary undertakings, extended their main UK securitisation facility in the final quarter of 2019 for a further four years.

While the outbreak of Covid-19 undoubtedly changed our focus, our commitment to clients, colleagues and our shareholder remained resolute throughout the year. Our people remain our greatest asset and our teams excelled at delivering for clients throughout the pandemic. The experience and motivation of our teams, coupled with the strategic changes we continue to make, leave us very positive about the future and well positioned to support clients in 2021 and beyond.

Bibby Financial Services (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

Outlook

In our almost 40 year history, BFS Group including BFS (UK) has adapted and grown through a variety of economic cycles. As an independent funder, backed by one of the UK's oldest family owned businesses, BFS is well-placed to support economic recovery in all of the markets we are in. Across our businesses we have highly engaged and expert teams positively contributing to the communities in which we operate.

We remain confident that by continuing to leverage our expertise, our local knowledge and our established business model, coupled with our evolving strategy BFS (UK) will continue to support our subsidiaries, colleagues, clients and business partners over the long term.

Financial performance

The Company's key financial and other performance indicators during the year were as follows:

	Unit	2020	2019
Operating Loss	£000	(24,541)	(26,020)
Profit/(Loss) before Tax	£000	(22,488)	50,405

The impact of Covid-19 and resulting lockdowns in the UK significantly affected 2020 performance across the BFS Group. This was principally due to lower customer demand for financing as SMEs benefitted from government funding and support measures. Actions implemented in early 2020 and our rigorous focus on cost management has seen lower costs in BFS (UK), this also included a review of our UK central operations following which changes were made to the operating model to generate significant savings from 2021 onwards.

Overall BFS (UK) made a loss before tax of -£22.5m (2019: £50.4m - dividend payment of £76.4m received in 2019).

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 reflects the returns from underlying investments above centralised cost. The Company continues to receive dividends from its underlying subsidiaries covering the annual costs 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.

Deferred tax assets have been recognised 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.

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.

Bibby Financial Services (UK) Limited

Strategic Report for the Year Ended 31 December 2020 (continued)

BFS (UK) acts as the controlling company for BFS investments in UK subsidiary undertakings. The BFS Group serves small and medium sized companies (SMEs). Growth in the SME financing market is influenced by the wider economic environment and business confidence. The UK subsidiary undertakings are operating in markets with increasing competition, margin pressure and credit conditions. The challenging market conditions in 2020, as a result of Covid-19, impacted all of our businesses and whilst the full impact on the markets the subsidiary undertakings operate in remains unknown, BFS (UK) remains confident in its business model and strong experience of our colleagues to respond well to the challenges and opportunities that may arise. BFS (UK) operational resilience has allowed us to continue to operate effectively through the pandemic, with all colleagues being able to work from home when needed, supported by robust systems and technology that continue to meet client needs. The subsidiary undertakings client portfolio is well diversified with both client and debtors well spread. Debtor concentrations remain low and we have limited exposure to industries, including hotels and hospitality, expected to be most impacted by Covid-19. The BFS Group continues to take a considered approach to managing the impact of the pandemic on the Group and its key stakeholders, including continually scenario planning and stress testing its financial position to ensure we remain well positioned as the situation evolves.

Financial instruments

Objectives and policies

The Company has limited trading and limited exposure to financial risk, which is restricted 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 14 July 2021 and signed on its behalf by:

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

Bibby Financial Services (UK) Limited

Directors' Report for the Year Ended 31 December 2020

The Directors present their report and the financial statements for the year ended 31 December 2020.

Directors of the Company

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

Theovinder Singh Chatha

Ian Stuart Ramsden

Ian Downing

Jonathan Andrews (appointed 1 September 2020 and resigned 22 March 2021)

Edward James Winterton (resigned 31 December 2020)

David Postings (resigned 31 August 2020)

The following director was appointed after the year end:

Richard Olver (appointed 1 January 2021)

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.

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 forecasts, particularly given Covid-19, along with a range of stress scenarios. 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 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.

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 also contains information on how the Directors have had regard to the need to foster the Group's business relationships with suppliers, clients and others, and the effect of that regard, including on the principal decisions taken by the Group during the financial year.

Bibby Financial Services (UK) Limited

Directors' Report for the Year Ended 31 December 2020 (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.

Core to the Directors delivering on our responsibilities is returning BFS to sustainable profitability and linking together the various initiatives outlined in this report to drive long term value for all stakeholders.

Employment of disabled persons

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

Employee involvement

Our success depends on our people and we operate a culture where we engage, motivate and enable employees to achieve their potential. Inclusion and diversity, safety, health & well-being, training and career development are an essential part of our culture to ensure we are meeting the needs of our people. Annually, BFS carries out its global 'Involving You' survey which is designed to gauge how colleagues feel about working within BFS, what improvements can be made and to identify areas of excellence. 'Involving You' helps foster a culture of ownership and continuous improvement. This is followed by the Best Companies survey in the UK, the answers to which go forward to support our application for the Sunday Times Top 100 Companies to Work For.

During 2020, BFS has also sought feedback through regular ad hoc surveys and focus groups with colleagues. This has covered subjects such as Health & Wellbeing, Women in BFS and Future Ways of Working. Our teams make the difference to our clients, at all times working hard to deliver the highest standards of service, evidenced through our client feedback and good Net Promoter Score of +36. Our people also make a positive contribution to support our local communities through our 'Giving Something Back' (GSB)

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.

Bibby Financial Services (UK) Limited

Directors' Report for the Year Ended 31 December 2020 (continued)

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Mazars LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 14 July 2021 and signed on its behalf by:

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Jeanette Hampson Bibby Bros. & Co.(Management) Limited
Company 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

Opinion on the financial statements

We have audited the financial statements of Bibby Financial Services (UK) Limited for the year ended 31 December 2020 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, 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 have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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 (UK) Limited

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

Other information

The other information comprises the information included in the annual report, 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.

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 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 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 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, 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 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 company or to cease operations, or have no realistic alternative but to do so.

Bibby Financial Services (UK) Limited

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

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.

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 company and their industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates. Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

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.

Bibby Financial Services (UK) Limited

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

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.

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David Allen (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Senior Statutory Auditor
London
United Kingdom

14 July 2021

Bibby Financial Services (UK) Limited

Statement of Income and Retained Earnings for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
Administrative expenses		(25,005)	(26,020)
Other operating income	<u>3</u>	<u>464</u>	<u>-</u>
Operating loss	<u>4</u>	<u>(24,541)</u>	<u>(26,020)</u>
Other interest receivable and similar income	<u>6</u>	<u>2,053</u>	<u>76,425</u>
(Loss)/profit before tax		(22,488)	50,405
Taxation	<u>9</u>	<u>(8,457)</u>	<u>9,732</u>
(Loss)/profit for the financial year		(30,945)	60,137
Retained earnings brought forward		(8,666)	(23,803)
Dividends paid		<u>-</u>	<u>(45,000)</u>
Retained earnings carried forward		<u><u>(39,611)</u></u>	<u><u>(8,666)</u></u>

The notes on pages 15 to 28 form an integral part of these financial statements.

Bibby Financial Services (UK) Limited**(Registration number: 09341390)****Balance Sheet as at 31 December 2020**

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Tangible assets	<u>11</u>	1,349	-
Investments	<u>10</u>	92,185	92,185
		<u>93,534</u>	<u>92,185</u>
Current assets			
Debtors	<u>12</u>	26,169	41,178
Creditors: Amounts falling due within one year	<u>13</u>	(69,129)	(51,844)
Net current liabilities		<u>(42,960)</u>	<u>(10,666)</u>
Net assets		<u>50,574</u>	<u>81,519</u>
Capital and reserves			
Called up share capital	<u>14</u>	90,185	90,185
Retained earnings		<u>(39,611)</u>	<u>(8,666)</u>
Shareholders' funds		<u>50,574</u>	<u>81,519</u>

Approved and authorised by the Board on 14 July 2021 and signed on its behalf by:

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Ian Downing

Director

The notes on pages 15 to 28 form an integral part of these financial statements.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020

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 14 July 2021.

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.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (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 at least 12 months from the date of signing this report. The continuing uncertain economic conditions present increased risks for all businesses, including those posed by the Coronavirus pandemic. 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. To support the inter-group liability position confirmation has been obtained from the counterparty that they will not seek repayment within 12 months of approval of the financial statements. The company has the 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.

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.

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.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

2 Accounting policies (continued)

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

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 2020 (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.

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 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.

There are no outstanding contributions payable to publicly or privately administered defined contribution pension plans at the balance sheet date.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (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.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

3 Other operating income

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

	2020 £ 000	2019 £ 000
Government grants	464	-

4 Operating loss

Arrived at after charging:

	2020 £ 000	2019 £ 000
Depreciation of tangible fixed assets	103	273
Operating lease expenses	593	489

5 Auditor's remuneration

	2020 £ 000	2019 £ 000
Audit of the financial statements	13	20

6 Other interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest income from group undertakings	53	75
Dividends received from group undertakings	2,000	76,350
	2,053	76,425

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020 £ 000	2019 £ 000
Remuneration	215	265
Company contributions to defined contribution pension schemes	18	19
	<u>233</u>	<u>284</u>

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

	2020 No.	2019 No.
Company contributions to defined contribution pension schemes	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2020 £ 000	2019 £ 000
Remuneration	215	265
Company contributions to defined contribution pension schemes	18	18

8 Staff costs

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

	2020 £ 000	2019 £ 000
Wages and salaries	12,306	15,153
Social security costs	1,540	1,788
Pension costs, defined contribution scheme	468	468
	<u>14,314</u>	<u>17,409</u>

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

	2020 No.	2019 No.
Administration and support	203	263
	<u>203</u>	<u>263</u>

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Taxation

Tax charged/(credited) in profit and loss:

	2020 £ 000	2019 £ 000
Deferred taxation		
Arising from origination and reversal of timing differences	3,336	(5,075)
Arising from changes in tax rates and laws	(497)	(251)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	5,618	(4,406)
Total deferred taxation	8,457	(9,732)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
(Loss)/profit before tax	(22,488)	50,405
Corporation tax at standard rate	(4,273)	9,577
Tax increase (decrease) arising from group relief	4,966	-
Tax effect of dividends from UK companies	(380)	(14,507)
Other tax effects for reconciliation between accounting profit and taxable profit	-	(145)
Trading losses for year expected to be surrendered to other subsidiary entities controlled by the ultimate parent undertaking	3,023	-
Adjustments to prior year	5,618	(4,406)
Deferred tax expense (credit) relating to changes in tax rates or laws	(497)	(251)
Total tax charge/(credit)	8,457	(9,732)

Deferred tax

Deferred tax assets

	Asset £ 000
2020	
Differences in book depreciation and tax depreciation	195
Corporation tax losses carried forward	1,190
	1,385

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

9 Taxation (continued)

	Asset £ 000
2019	
Differences in book depreciation and tax depreciation	237
Corporation tax losses carried forward	9,606
	<u>9,843</u>

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 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.

10 Investments in subsidiary undertakings

Subsidiaries	£ 000
Cost	
At 1 January 2020 and 31 December 2019	<u>92,185</u>

A full list of subsidiary undertakings is reported in Note 20 to the Financial Statements.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

11 Tangible assets

	Office equipment £ 000
Cost	
At 1 January 2020 and 31 December 2019	679
Additions	1,452
At 31 December 2020	2,131
Depreciation	
At 1 January 2020	679
Charge for the year	103
At 31 December 2020	782
Carrying amount	
At 31 December 2020	1,349
At 31 December 2019	-

12 Debtors

	2020 £ 000	2019 £ 000
Amounts owed by group undertakings	23,434	29,268
Other debtors	105	71
Prepayments	1,245	1,996
Deferred tax assets	1,385	9,843
	26,169	41,178

13 Creditors

	2020 £ 000	2019 £ 000
Due within one year		
Trade creditors	156	83
Amounts due to group undertakings	67,203	50,001
Social security and other taxes	213	271
Accrued expenses	1,557	1,489
	69,129	51,844

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

14 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	90,185	90,185	90,185	90,185

15 Dividends

	2020	2019
	£ 000	£ 000
Dividend paid to corporate shareholders	0	45,000

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:

	2020	2019
	£ 000	£ 000
Not later than one year	419	349
Later than one year and not later than five years	1,347	511
Later than five years	1,202	-
	<u>2,968</u>	<u>860</u>

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (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 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, Kitleyards, 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 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 Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

19 Investments in subsidiary undertakings (continued)

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 2020, 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.

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.

Bibby Financial Services (UK) Limited

Notes to the Financial Statements for the Year Ended 31 December 2020 (continued)

19 Investments in subsidiary undertakings (continued)

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.