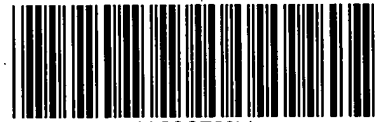


ANNUAL REPORT 2015

SATURDAY



A5CCE29L

A15

30/07/2016

#32

COMPANIES HOUSE

BIBBY
FINANCIAL SERVICES



PROFIT BEFORE TAX OF £58.3 MILLION IN 2015 INCLUDING PROFIT ON DISPOSAL OF £37.6 MILLION

Ultimate parent undertaking:
Bibby Line Group Limited

Registered Office:
105 Duke Street
Liverpool
L1 5JQ
Incorporated in England and Wales
(Registered Number 3530461)

Directors:
Sir Michael Bibby, Bt. *Chairman (resigned 21 April 2016)*
David John Postings, *Global Chief Executive Officer*
Steven Richard Box
Ian Ramsden
Steven Vears Robinson
Stephen George Rose
Jon Haymer
Darcy Willson-Rymer
Gaurav Batra *(appointed 21 April 2016)*

Secretary:
Bibby Bros. & Co.
(Management) Limited

Independent Auditors:
Deloitte LLP
Manchester
United Kingdom

STATEMENT

FROM GLOBAL CHIEF EXECUTIVE

Welcome to our 2015 Annual Report. In my first review as Global Chief Executive of Bibby Financial Services (BFS) we are reporting a profit before tax of £58.3 million. This includes a profit on disposal of £37.6 million. Our underlying trading profit was £20.7 million, down on 2014 by £3.6 million.

Client life increased in most of our areas of operations and we delivered a Net Promoter score of +32. We have taken steps to secure our funding for growth. The first and most important part of that was achieving a securitisation in the UK. This increased our headroom by £200 million and a renewed three year term.

ACTIVITY

Following my appointment in September 2015 we reviewed our strategy. We now have a clear plan, a slimmed down senior leadership team and have identified areas for increased investment and growth. These areas cover geographic footprint, development of our digital and channel capability and process efficiency.

We disposed of our Australian, New Zealand and Swedish businesses and delivered a good return on investment in the process. Underlying trading was robust in increasingly competitive markets.

We successfully implemented a UK securitisation which increased our headroom by £200 million and reduced our cost of funds. We reconfigured our geographic footprint in the UK. This included closing our Hastings office, opening new business centres in Redhill, Slough, Bristol, Leicester and Brentwood, as well as service

centres in Slough and Leicester. This means we are better able to serve our clients locally. We opened a new office in Eindhoven which allows us to expand in the Netherlands and focus our German office purely on the German market.

Our market share of UK Factoring clients grew to 21.1% (2014: 18.9%) and for the first time we had the largest market share of factoring receivables in the UK. We saw good growth in France and in our Freightcheck business in North America.

In December 2015, we announced the launch of a new foreign exchange service following regulatory approval from the Financial Conduct Authority (FCA). Bibby Foreign Exchange is able to offer a FX capability that can be integrated with an invoice finance facility and provides new opportunities to support our clients' growth in domestic and overseas markets.

PERFORMANCE

In 2015, debts factored grew by 8% to £9.03 billion globally (continuing operations: 7% to £7.36 billion), with funds advanced to over 9,216 clients of £689 million (a growth of £123 million after allowing for the sale of the Australian and New Zealand business). Reported turnover in sterling decreased marginally to £158.0 million (2014: £159.2 million: continuing operations 2015: £134.9 million, 2014: £134.1 million) reflecting the impact of a strengthening pound and we delivered a profit before tax from ordinary activities of £58.3 million (2014: £24.3 million) including a profit on disposal of £37.6 million. The underlying performance for our continuing operations is a profit before tax of £14.8 million after one off restructuring costs of £2.0 million to support the business's future growth ambitions (2014: £18.8 million). The cost income ratio increased to 75% (2014: 73%), in part due to the one off restructuring costs and in part due to increased IT investment in recent years feeding through to a higher depreciation charge.



Values
Page 06



Financial highlights
Pages 13 to 15

STRATEGY, OUR PEOPLE AND CLIENTS

Our vision is to be the independent financial services company with which every ambitious business would love to work. The BFS mission is to acquire and retain clients by providing them with a true partnership that helps the businesses we work with thrive and grow. In order to achieve this, we are clearly focused on leveraging our international footprint with technology and people to deliver real value and cultivate strong relationships.

Our strategy for achieving the growth objectives we have set is to 'focus and grow' BFS through a balanced, global portfolio of businesses, driven by engaged, motivated people and first class technology that provides a multichannel experience for our clients.

We will focus on prioritising each geographic market to identify where BFS will either 'Accelerate', 'Build' or 'Manage' our operations and concentrate our investment as we grow profits. Each element is crucial to our future success.

In order to deliver our vision, the strategy for growth is built on three core pillars: Colleagues (Being a

great place to work), Clients (Setting the standard for service & value) and Contribution (Growing profitably). Our strategy also includes a desire to offer clients the best of the digital and face to face worlds.

By building a strong, engaged team we believe that our clients notice and reward us by joining in greater numbers and staying longer. That in turn leads to profitable growth. We are ranked 31st in the Sunday Times Top 100 companies to work for and our Net Promoter Score is +32. Our client life is increasing.

LOOKING AHEAD

The markets in which we operate are characterised by increasing competition, margin pressure and stretched credit appetite. We have ambitious plans for the business and are increasing our investment in people, technology and products to turn the plans into reality. Our credit risk management processes have proved robust over many years but we are not immune to the impact of economic changes. We will seek to keep our standards high even at the expense of some growth.

We have reshaped our Board during 2015. I should like to welcome two new Executive Directors to the Board. Steve Box joined BFS in June 2015 as CEO for Europe, and took a wider brief covering North America and Asia Pacific to be our CEO International in December. Ian Ramsden joined BFS in 2005 as UK Risk Director, and joined the

Board in February 2016 as the Global Risk Director. Both Steve and Ian bring an enormous amount of receivables and asset finance knowledge and wider banking experience to the Board and will play an important role in helping us to deliver our new strategy. I should also like to thank those colleagues who have departed from the Board during 2015 for the contribution they made.

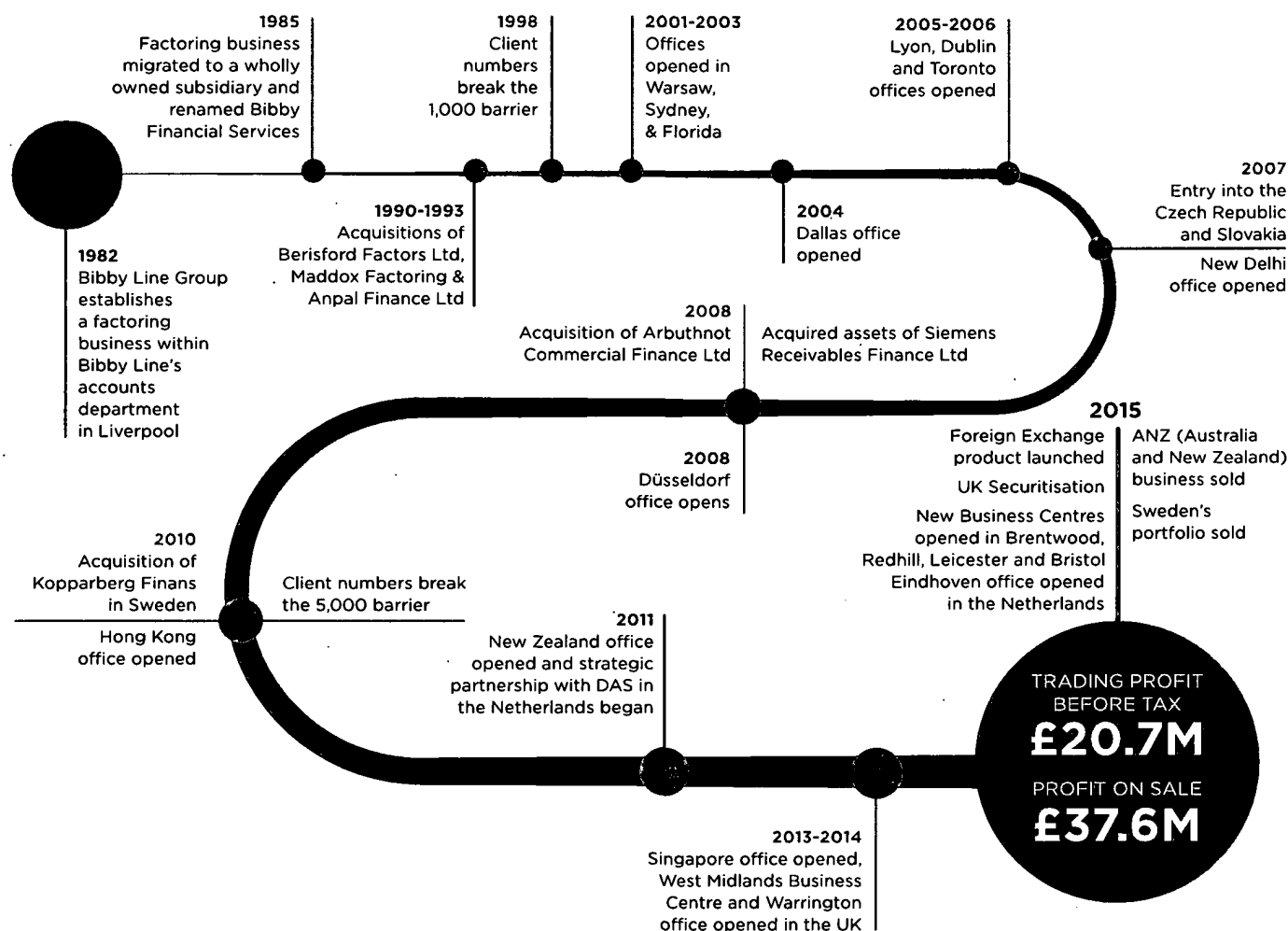
Sir Michael Bibby, Bt, who was appointed Chairman of Bibby's financial services business in January 2000, and of BFS in January 2001 when it became the top holding company, resigned from the BFS Board on 21 April 2016. He will continue in his role as Managing Director of Bibby Line Group and he was succeeded as Chairman of BFS by Gaurav Batra, who is the Strategy Director for Bibby Line Group. During his tenure, Sir Michael has made a significant contribution to the BFS Board and I should like to express my sincere thanks for his leadership and guidance. I look forward to working with Gaurav as we take BFS forward.

DAVID POSTINGS

Global Chief Executive
22 April 2016

TIMELINE

OF BIBBY FINANCIAL SERVICES



CONTENTS

- P3** Statement from Global Chief Executive
- P6** Our values
- P7** Case studies

STRATEGIC REPORT

- P8** Bibby Financial Services at a glance
- P11** Statement from Global Finance Director
- P13** Financial highlights

STRATEGY & OPERATIONS

- P17** Business review
- P20** Business strategy
- P23** Risk management
- P29** We believe in giving something back

GOVERNANCE

- P30** Directors' Report & Statement of Directors' Responsibilities
- P34** Independent Auditor's report

FINANCIAL STATEMENTS

- P36** Group Statement of Income
Group and Parent Company Statement of Comprehensive Income
- P37** Balance Sheets
- P38** Statement of Changes in Equity
- P40** Group Cash Flow Statements
- P42** Notes to the Financial Statements

OUR VALUES

People are the most important part of our business; we deliver on our objectives by living our Values. This means each of us, at all times, strive to:

WORK TOGETHER

We understand the common long term goals across our business, customers, suppliers and people and we work towards them as a team.

BE INNOVATIVE

We do everything possible to look ahead, to anticipate customer needs and deliver innovative solutions.

DO THE RIGHT THING

At all times we do the right thing, providing a quality and safe service, acting responsibly for our people, customers and the communities in which we work.

TRUST EACH OTHER

We trust and empower our people to deliver the right outcomes for our customers and our business.

BE BETTER

We challenge ourselves to be the best, finding new ways to improve everything we do today.

Living our Values enables us to

SET THE STANDARD FOR SERVICE AND VALUE

We give our people the right environment, role and tools to deliver excellence and quality in everything we do

CASE STUDIES

Since 1982 we have helped provide funding solutions to start-up companies through to large established corporates. We wanted to share a few of their stories on how we've worked together to help them to grow their business.

HELPING NAADAM CASHMERE IN THE USA SUSTAIN CULTURAL HERITAGE

Working with BFS has allowed Naadam Cashmere, a knitwear company that works with the Nomadic herders of Mongolia, achieve a key goal; to help the herders sustain their culture around the harvesting season.

"WE ARE PROUD THAT WE OPERATE IN A SUSTAINABLE WAY AND ALLOCATE A PERCENTAGE OF OUR PROFITS TO THE NOMADIC HERDERS. WITH THE SUPPORT OF BFS, WE'VE BEEN ABLE TO ACHIEVE OUR VISION TO SUSTAIN THE HERDERS' CULTURE WHILST EXPANDING OUR PRODUCT LINE."

HELPING TURTLE WAX IN THE UK REALISE ITS AMBITIONS

Turtle Wax, a family-owned global car-care product manufacturer with an impressive heritage based in the North West of England and operating in more than 90 countries, partnered with Bibby to help facilitate its ambitious growth plans and double its turnover to over £30 million through a £6 million funding facility.

"BFS PROVIDED A FINANCE PACKAGE THAT WAS COMPETITIVE AND FLEXIBLE AND ALLOWS US TO REALISE OUR AMBITIOUS GROWTH PLANS TO DOUBLE TURNOVER IN FIVE YEARS, EXPANDING ACROSS THE EMEA REGION."

HELPING WEST END EXPRESS IN THE USA ACCELERATE GROWTH

Through its partnership with Bibby, West End Express, a New Jersey based transportation company specialising in air freight container services, local transportation management and warehousing and distribution services has accelerated the growth of the business. Revenue has increased by 50% and the company has been able to focus their efforts on business development initiatives, saving time and minimising risk.

"BIBBY IS A GREAT COMPANY TO WORK WITH AND IT'S BEEN NOTHING BUT A PLEASURE TO PARTNER WITH A LIKE MINDED, CUSTOMER-CENTRIC BUSINESS THAT HAS FOSTERED OUR SUCCESS AND TAKEN WEST END EXPRESS TO THE NEXT LEVEL OF GROWTH."

BIBBY FINANCIAL SERVICES AT A GLANCE

1,211

DEDICATED
EMPLOYEES

£14.3M

INVESTED IN OUR
SYSTEMS AND FUTURE

2,202

GLOBAL DEALS

41 OFFICES

ACROSS 14 COUNTRIES

£689M

FUNDING PROVIDED
TO OUR CLIENTS

100 BEST

WE ARE 31ST IN THE
SUNDAY TIMES 100
BEST COMPANIES TO
WORK FOR IN THE UK

£163,859

DONATED TO SUPPORT
LOCAL CHARITIES

UK

Banbury*, Basingstoke, Birmingham,
Bradford, Brentwood, Bristol, Edinburgh,
Glasgow, Leeds, Leicester, Liverpool,
London, Manchester, Redhill, Slough,
Sunderland, Warrington

Europe

Czech Republic: Brno
France**: Aix en Provence, Lyon, Paris,
Lille, Nantes
Germany: Düsseldorf
Ireland: Dublin
Poland: Katowice, Poznan, Warsaw
Slovakia: Bratislava
Netherlands: Eindhoven

North America

Canada: Montreal, Toronto
USA: Atlanta, Boynton Beach (Florida),
Chicago, Los Angeles, Nashville

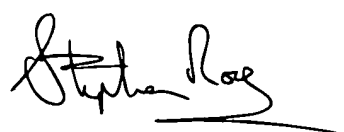
Asia Pacific

India: Gurgaon
Hong Kong
Malaysia: Iskandar
Singapore

*Bibby Factors International, Bibby Trade Services, Bibby Factors

**The French business is a direct subsidiary of Bibby Line Group Limited

OUR FINANCIAL PERFORMANCE AND LIQUIDITY POSITION FOR 2015 WAS STRONG



**STEPHEN ROSE
GLOBAL FINANCE DIRECTOR**

STATEMENT

FROM GLOBAL FINANCE DIRECTOR

OUR FINANCIAL PERFORMANCE

This financial review provides an overview of the financial statements for the year ended 31 December 2015. The Board of BFS consider the best measure of financial performance to be profit before tax (PBT). Our financial performance and liquidity position for the year ended 31 December 2015 was strong.

“WE IMPLEMENTED A SUCCESSFUL UK SECURITISATION DURING THE YEAR, ENABLING US TO INCREASE FUNDING TO CLIENTS AND SUPPORT OUR GROWTH STRATEGY TO PROVIDE FUNDING SOLUTIONS TO AN INCREASING NUMBER OF BUSINESSES.”

STEPHEN ROSE, GLOBAL FINANCE DIRECTOR, BFS

Turnover, as reported in pounds sterling decreased marginally to £158.0 million (2014: £159.2 million), reflecting a strengthening pound on our non-sterling businesses. We delivered a profit before tax of £58.3 million (2014: £24.3 million), including a profit on the sale of our business in Australia and New Zealand of £37.6 million and a restructuring charge of £2.0 million, charged to continuing

operations, as we position BFS for future profit growth. The profit on continuing operations of £14.8 million is arrived at after charging additional fees for the UK securitisation and significant expenditure on developing and implementing new systems to support our growth ambitions, which has increased our depreciation charge to £4.3 million (2014: £2.4 million). The overall ROSF* has improved in 2015 to 32% (2014: 11%), and our cost income ratio including the restructuring charge increased to 75% (2014: 73%). For the year ended 31 December 2015, the Group reported turnover in sterling of £158.0 million (2014: £159.2 million), which is an annual gain of 1% at current exchange rates. Debts factored increased 8% year-on-year, market pressure reducing our gross margin to 1.54%. The performance of each region is illustrated in the Financial Highlights section on pages 13 and 15. Operating costs for 2015 were £118.3 million (2014: £116.5 million), and include restructuring costs. Excluding restructuring costs, overhead growth at constant exchange rates is 1.5%.

In December 2015, we completed the sale of our businesses in Australia and New Zealand and sold our Swedish portfolio of clients. The gain on disposal of the Australian and New Zealand businesses was £37.6 million. In accordance with accounting

standards, the Australian and New Zealand operations are presented as discontinued operations within the financial statements.

The investment in new systems added £6.1 million to fixed assets and £7.7 million to intangible assets during 2015. Interest payable for 2015 was £19.1 million (2014: £18.0 million), primarily as a result of the cost of increasing funding advances to our clients. The amount drawn by our clients at 31 December 2015 was £689.0 million from continuing activities (2014: £566.0 million) and reflects the underlying growth of the Group.

The Group successfully securitised its UK factoring and invoice discounting receivables in October 2015. This has enabled BFS to increase support to clients to £689 million, in line with the growth strategy to provide funding solutions to an increasing number of businesses. The process of securitisation for the UK factoring and invoice discounting receivables involved the Group's debtor-book being rated. DBRS and Moody's awarded AA and Aa2 ratings respectively, facilitating the refinancing deal, which is the first of its kind in the UK.

The Board monitors cash generated by trading after expenditure for investment. This measure is set out in the KPI section of the Annual Report. Cash generated was £4.6 million (2014: £4.6 million).

**ROSF is profit for the financial year (after tax and minority interest) divided by the opening shareholder's funds.*

The total value of goodwill at 31 December 2015 was £0.5 million (2014: £1.3 million), which has been amortised in accordance with the BFS Group accounting policy. The goodwill and intangible assets have been tested for impairment as at 31 December 2015 and the Board is confident that no impairment is required.

FINANCIAL RISK MANAGEMENT

The financial risks the Group faces have been considered by the Board and policies are in place to effectively manage each risk. We consider the most significant financial risks to be liquidity risk, finance cost risk, and exchange rate transaction risk. In each case, the risk is managed by matching assets and liabilities on the relevant basis. We advance to clients and raise funds on a largely matched basis, BFS charge clients and pay for funds on an aligned charging basis and we raise funds in the same currency as we advance.

Where necessary (i.e. where there is no matching trading balance to a currency exposure) we address exchange rate transaction risk by taking out forward cover in the form of a currency derivative contract. These were entered into during 2015, after review by the Director's of the effectiveness of the derivatives to hedge the exchange rate risk exposure. No swaps were required for the Group at the reporting date of 31 December 2015 and any contracts held were taken out on behalf of clients of our subsidiaries.

BFS trades in various countries around the world and the Group is exposed to a range of currencies. The functional and reporting currency for BFS is sterling (GBP). We therefore carry an exchange rate translation risk in preparing the financial statements. No specific exchange instruments are used to protect against this translation risk because it is a non-cash risk to the Group. The financial risks connected with contracts and warranties, including the consideration of warranty terms, duration, and other commercial or legal terms are considered carefully by the Group before being entered into.

GOING CONCERN

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

Based on this assessment, the Directors consider that the Group maintains an appropriate level of capital and liquidity, sufficient to meet both the normal demands

of the business and the requirements which might arise in stressed circumstances.

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

On this basis, the Directors have a reasonable expectation that despite uncertain market conditions, the Group has sufficient funding and liquidity to ensure that it will continue in operational existence for the foreseeable future. Accordingly, as at the date of this report, the Directors of Bibby Financial Services Limited consider it appropriate that the financial statements are prepared on a going concern basis.

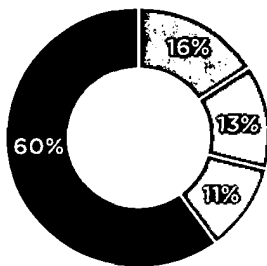
STEPHEN ROSE

Global Finance Director
22 April 2016

FINANCIAL HIGHLIGHTS

2015 TURNOVER

REGION % SHARE



- ASIA PACIFIC
- NORTH AMERICA
- EUROPE
- UK

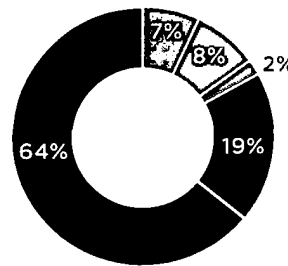
YEAR (£000)

2009	114,978
2010	136,289
2011	154,107
2012	161,430
2013	161,038
2014*	159,155
2015*	157,970

* Continuing operations: 2015 134,900
2014 134,124

2015 PBT (ORDINARY ACTIVITIES)

REGION % SHARE



- ASIA PACIFIC
- NORTH AMERICA
- EUROPE
- UK
- PROFIT ON ANZ DISPOSAL

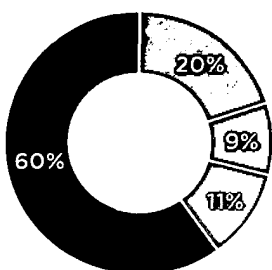
YEAR (£000)

2009	18,581
2010	34,257
2011	40,068
2012	33,409
2013	31,474
2014*	24,336
2015*	58,274

* Continuing operations: 2015 14,800,000
2014 18,806,000

2015 DEBTS FACTORED

REGION % SHARE



- ASIA PACIFIC
- NORTH AMERICA
- EUROPE
- UK

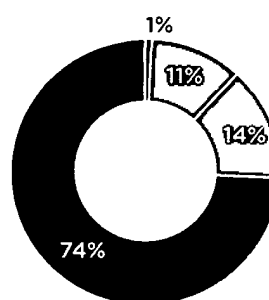
YEAR (£M)

2009	4,671
2010	5,813
2011	6,968
2012	7,663
2013	8,120
2014*	8,338
2015*	9,034

* Continuing operations: 2015 7,360
2014 6,827

2015 CLIENT ADVANCES (CONTINUING ACTIVITIES)

REGION % SHARE



- ASIA PACIFIC
- NORTH AMERICA
- EUROPE
- UK

YEAR (£M CLOSING)

2009	325
2010	385
2011	452
2012	478
2013	513
2014	566
2015	689

2009-14 adjusted for the impact of discontinued activities in 2015

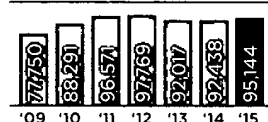
GLOBAL HIGHLIGHTS

TURNOVER: UK (£000)

2015 UK TURNOVER:
PER PRODUCT GROUP (£000)

FACTORING	54,470
INVOICE DISCOUNTING	12,330
LEASING	7,442
SPECIALIST/OTHER	20,901
TOTAL TURNOVER	95,144

UK TURNOVER:
YEAR (£000)

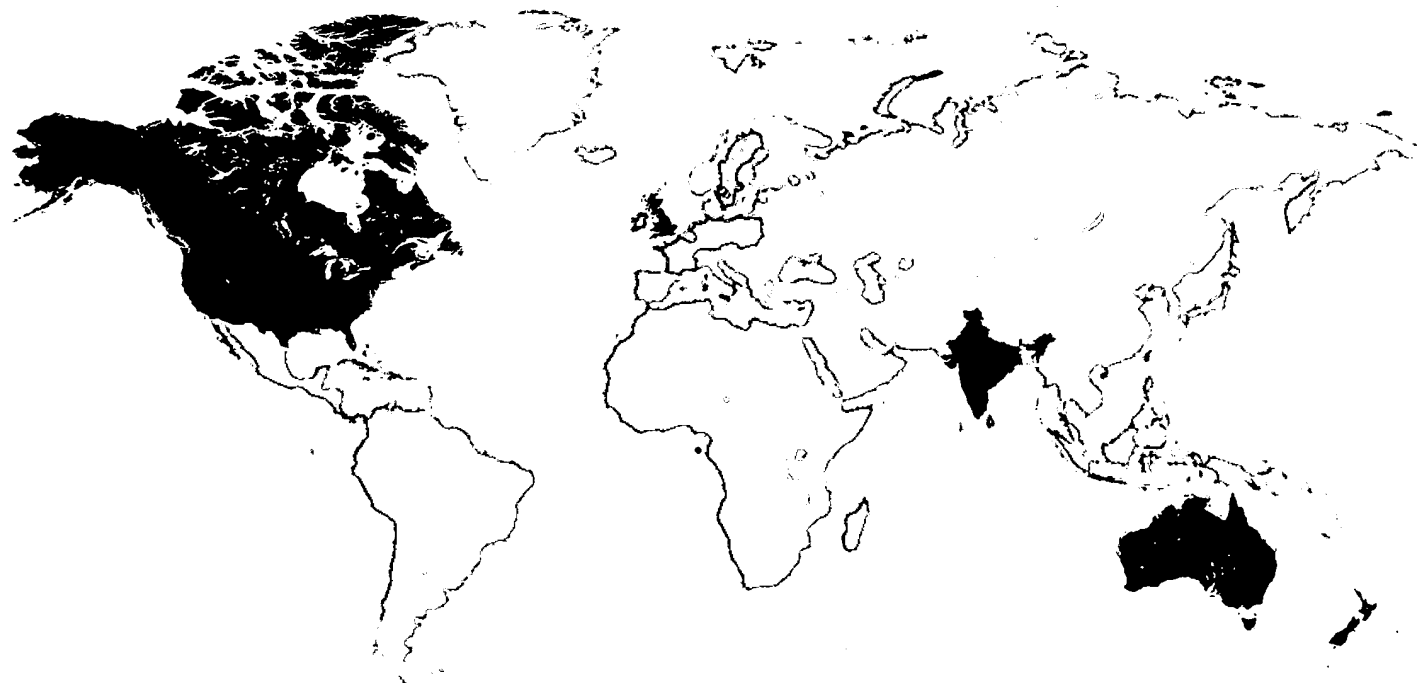
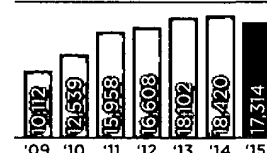


TURNOVER: EUROPE (£000)

2015 EUROPE TURNOVER:
PER COUNTRY (£000)

POLAND	6,107
IRELAND	3,474
GERMANY	2,583
NETHERLANDS	2,322
CZECH REPUBLIC	1,641
SLOVAKIA	735
SWEDEN	452
TOTAL TURNOVER	17,314

EUROPE TURNOVER:
YEAR (£000)

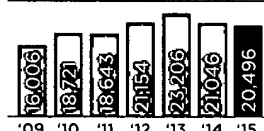


TURNOVER: NORTH AMERICA (£000)

2015 NORTH AMERICA TURNOVER:
PER COUNTRY/GROUP (£000)

USA	10,503
CANADA	5,158
TRANSPORTATION	4,836
TOTAL TURNOVER	20,496

NORTH AMERICA
TURNOVER: YEAR (£000)

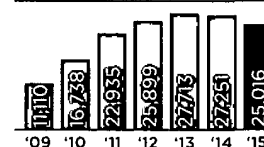


TURNOVER: ASIA PACIFIC (£000)

2015 ASIA PACIFIC TURNOVER:
PER COUNTRY (£000)

AUSTRALIA/ NEW ZEALAND	23,046
HONG KONG	629
SINGAPORE	1,102
INDIA	238
TOTAL TURNOVER	25,016

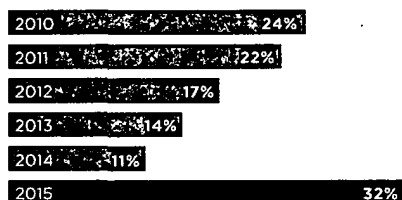
ASIA PACIFIC
TURNOVER: YEAR (£000)



KEY PERFORMANCE INDICATORS



RETURN ON SHAREHOLDER'S FUNDS



METHOD OF CALCULATION

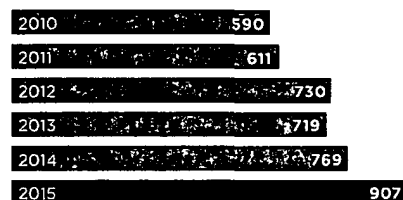
Profit for the financial year (after tax and minority interest) divided by the opening shareholders funds.

STRATEGIC OBJECTIVE

To generate consistent long term return to our shareholders.



FUNDING CAPACITY (£M)



METHOD OF CALCULATION

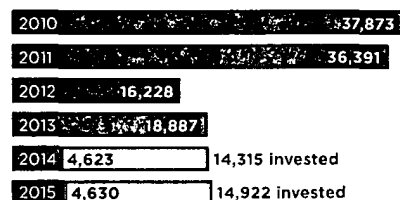
Total external funding capacity, in GBP (M), at the respective year end date.

STRATEGIC OBJECTIVE

To ensure the external funding is in place, to facilitate current and long term liquidity requirements.



CASH GENERATION (£000)



METHOD OF CALCULATION

PBT, add back depreciation, amortisation, movement in accruals and minority interest. Deduct taxation payment, adjust for spend/proceeds relating to assets. This measure differs from that of the statutory cashflow.

STRATEGIC OBJECTIVE

To ensure that the business is generating enough cash to effectively fund organic growth, and investments.



CLIENT ADVANCES (% OF ASSIGNED DEBT)



METHOD OF CALCULATION

Closing client advances (trade debtors - trade creditors) divided by trade debtors.

STRATEGIC OBJECTIVE

To advance against as much of the clients assigned debt as prudent, to meet our clients needs for advances.



NUMBER OF CLIENTS



METHOD OF CALCULATION

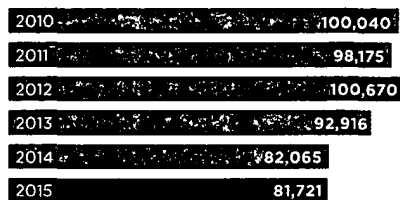
The closing number of clients.

STRATEGIC OBJECTIVE

To grow our client base, and therefore generate greater returns, and diversify risk.



NUMBER OF DEBTORS (UK)



METHOD OF CALCULATION

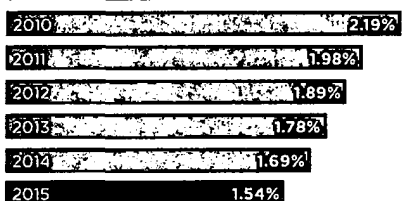
The closing number of debtors (UK only).

STRATEGIC OBJECTIVE

To diversify the credit risk in our portfolio.



GROSS MARGIN %



METHOD OF CALCULATION

Profit for the financial year on ordinary activities before taxation. Add back operating costs. Divide by debts factored.

STRATEGIC OBJECTIVE

To earn sufficient income to meet the risks we take.



COST INCOME RATIO



METHOD OF CALCULATION

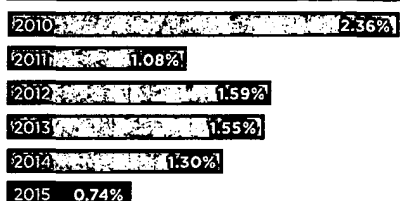
Operating costs, divided by turnover.

STRATEGIC OBJECTIVE

To operate efficiently.



BAD DEBT (% OF CLIENT ADVANCES)



METHOD OF CALCULATION

Bad debt charge for the year, divided by client advances.

STRATEGIC OBJECTIVE

To fund our clients safely.

OUR GROWTH IS FOCUSED ON COUNTRIES AND PRODUCT CATEGORIES



STEVEN VEARS ROBINSON
CHIEF OPERATING OFFICER

BUSINESS REVIEW

Our business is driven by strong client relationships, close customer contact and a deep understanding of our markets.

OUR BUSINESS

We are an independent international trade, asset and working capital finance specialist with 41 offices in 14 countries, 17 of which are in the UK. We have a strong history of helping our 9,216 clients to grow their business, providing specialist and adaptable trade, asset and working capital finance. Our business model is based on local decision making and flexibility, ensuring that we provide a personalised service to clients and introducers alike. Our mission is to acquire and retain clients by offering services that help businesses thrive and grow. Leveraging our international footprint, we use a combination of technology and local, empowered, people to deliver real value and build strong relationships.

OUR OPERATIONS

We manage our operations on a regional basis. Bibby Financial Services Limited (BFS) is a wholly owned subsidiary of Bibby Line Group Limited and acts as the holding company for Bibby Line Group's Financial Services Division. BFS provides financial services to clients in nine countries in Europe, North America and Asia Pacific. The legal entities providing these services are referred to as the 'Group' in this Annual Report. Our financial services include factoring, invoice discounting, trade finance, asset finance and foreign exchange.

**HELPING VENTRUS, IN POLAND,
CREATE A CREDIBLE BUSINESS**

**"MANY FINANCIAL
INSTITUTIONS DIDN'T
WANT TO SUPPORT
OUR GROWTH PLANS
AS A START-UP. BFS
BELIEVED IN US AND
IT'S THE KEY REASON
WE'RE IN BUSINESS
TODAY AND CONTINUE
TO REALISE OUR
GROWTH AMBITIONS."**

EXTERNAL ENVIRONMENT

Our marketplace is increasingly competitive, creating pressures on income growth and margins across the industry. In addition, a challenging macro-economic climate continues to impact the level of growth in all our markets. Our SME Confidence Tracker continues to demonstrate muted growth expectations, a perception of risk which responds to broader market and political volatility and business-as-usual investment plans, rather than an appetite to invest in new growth opportunities and markets.

**"OUR MISSION IS TO
ACQUIRE AND RETAIN
CLIENTS BY OFFERING
SERVICES THAT HELP
BUSINESSES THRIVE
AND GROW."**

**DAVID POSTINGS, GLOBAL CHIEF
EXECUTIVE OFFICER, BFS**

REGULATORY ENVIRONMENT

We operate in an evolving, self-regulated market where going 'above and beyond' the minimum is fundamental to how we manage our business. We continue to proactively lead in our industry and strengthen our standards to ensure that robust quality assurance and risk management processes are embedded at all levels of our organisation. Treating clients fairly is central to these processes as we develop and grow. We therefore endeavour to manage our operations responsibly and conduct our business in an ethical and transparent way.

"WE HAVE A PROUD HISTORY OF HELPING OUR 9,216 CLIENTS TO ACHIEVE THEIR AMBITIONS."

STEVE BOX, CHIEF EXECUTIVE OFFICER, INTERNATIONAL, BFS

We are approved to operate in regulated markets through our UK leasing subsidiary, which is authorised by the Financial Conduct Authority (FCA) for consumer credit and consumer hire. Our German subsidiary is authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) for factoring business. In the UK, we are also a member of ABFA, the Asset Based Finance Association, and comply with the code of conduct. In 2016, we were also approved by the FCA to conduct Forex business in the UK.

COMMERCIAL RISKS AND UNCERTAINTIES

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

to support our growth plans through new funding agreed in October 2015.

Our principal activities involve credit risk in respect of our clients and their customers. We manage this risk by taking adequate security and through a series of internal controls, both manual and systems-based, details of which are described in the Risk Management section of our Annual Report on pages 23 to 27.

HELPING ALBANY PACKAGING INC, IN CANADA, ACHIEVE GROWTH

"BFS TRULY KNOWS THE MEANING OF CUSTOMER SERVICE. WITHOUT THEIR HELP, WE WOULDN'T HAVE BEEN ABLE TO GROW AT THE SPEED WE HAVE."

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.

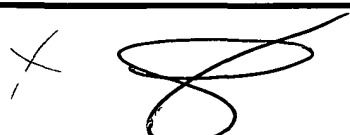
HELPING AUGUST ACCESSORIES,
IN THE USA, DRIVE INNOVATION

“BFS UNDERSTOOD THAT OPPORTUNITIES EXISTED AND THEIR SUPPORT HAS BEEN A BIG PART OF OUR SUCCESS AS WE CONTINUE TO GROW OUR BUSINESS. DURING OUR SEVEN YEAR RELATIONSHIP WE HAVE CONSISTENTLY EXPANDED OUR PRESENCE WITHIN THE FASHION ACCESSORY MARKET.”

CASH INVESTMENT (£ MILLIONS) 2012-2015



By order of the Board
Bibby Bros. & Co.
(Management) Limited
22 April 2016


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

BUSINESS STRATEGY

2015 was a year of strategic progress with a strong focus towards developing and maximising the opportunities that will provide sustainable growth in the future.

OUR STRATEGY

Our marketplace is changing as a result of competitive developments, the macro economic climate and client requirements. To ensure that we achieve our growth ambitions, during 2015 we reviewed our existing activities, technological capabilities, geographic presence and identified our global market opportunities. We have in place a clear set of strategic objectives focused on our clients' needs, which will add value to BFS and ultimately deliver profitable growth.

The successful delivery of our strategy is based on our 'focus and grow' plan, which will allow us to achieve our Vision and is based on three core pillars: Colleagues (Being a great place to work), Clients (Setting the standard for service & value) and Contribution (Growing profitably).

As part of our strategy we have identified and prioritised the geographic markets where we will either 'Accelerate', 'Build' or 'Manage' our operations. This focus will allow us to achieve greater critical mass faster and broaden our offering from core invoice financing to attract, and support, larger SMEs over time. In the UK, Germany and USA, where we see the greatest potential, we will 'Accelerate' growth by investing most; in Poland, France and Ireland we will 'Build' on our existing businesses and

focus investment on efficiency and leveraging our infrastructure investment and; in Canada, Czech Republic, Hong Kong, India, Malaysia, Netherlands, Singapore and Slovakia we will 'Manage' our growth, building on our BFS level infrastructure investment and digital channels.

To enable us to measure our progress we apply a comprehensive and balanced range of performance measures. The Key Performance Indicators include those set out on page 15 of this Annual Report and, in addition, Employee Engagement and Net Promoter Score with clients.

PEOPLE

BEING A GREAT PLACE TO WORK

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 and we improved our position in the Sunday Times 100 Best Companies to work for. This is a clear demonstration of the success we are delivering against "Being a great place to work".

The team at BFS are testament to the progress we have made so far. They make the difference to our clients, working to deliver high standards and in turn, the value our clients perceive; demonstrated through an increasingly positive 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 for 88 charitable and community initiatives in 2015.

"WE HAVE IN PLACE A CLEAR SET OF STRATEGIC OBJECTIVES FOCUSED ON OUR CLIENTS' NEEDS, WHICH WILL ADD VALUE TO BFS AND ULTIMATELY DELIVER PROFITABLE GROWTH."

DAVID POSTINGS, GLOBAL CHIEF EXECUTIVE OFFICER, BFS

Employee engagement and motivation, coupled with a mutual respect, regular face-to-face and digital communications help us to understand what is important. We take pride in our working culture which is reflected in our engagement scores, which continue to improve year-on-year. Equally, 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.

During 2015, to support the delivery of our strategic objectives, we strengthened our leadership team across the Group. As we move forward in the next stage of our development, it is key that we have the right people in the right roles, with the right skills and are able to attract and retain talent. To do this, we are focused on leadership development, succession planning and delivering a clearly defined people strategy, which aligns with our wider business strategy.

**HELPING BRASS KEY, INC, IN THE USA,
BUILD PERSONAL RELATIONSHIPS**

“WE NEEDED A FUNDING SOLUTION THAT HELPED US TO GROW OUR MARKET SHARE ACROSS GLOBAL MARKETS. BFS PROVIDED NOT JUST FINANCIAL SUPPORT BUT ENABLED US TO REMAIN TRUE TO OUR ETHOS OF BUILDING BRASS KEY, INC. AROUND PERSONAL RELATIONSHIPS.”

CLIENTS SETTING THE STANDARD FOR SERVICE & VALUE

Our business is driven by strong client relationships, close customer contact and market insight. Our personal approach with clients, whether face-to-face, via digital channels or over the phone, enables us to meet their current needs and anticipate their future requirements. By delivering the right funding solutions for SMEs, we will realise our Vision; to be the independent financial services company with which every ambitious business would love to work.

Our industry knowledge and expertise sets us apart from our competitors. It provides a foundation for how we operate, to the way we support clients with market-leading solutions. As clients become increasingly mobile, and the pace of technological change increases, we are working hard to develop progressive and diversified solutions that makes it easier for our clients to connect and build relationships with us.

In 2015, we reviewed how we can be more effective and efficient for our clients; from the products we offer, the IT infrastructure and operating platform we use, the channel experience we provide and the market segments we target.

To continue to improve our client service we are investing in technology, new product development initiatives and embedding an “omni-channel” service. We want our clients to

choose how to interact with us. Part of this is growing our local office presence and we have opened new business centres in Redhill, Slough, Bristol, Leicester and Brentwood, as well as service centres in Slough and Leicester.

Client satisfaction is a key indicator of whether we are delivering our business strategy. The value that our clients perceive is evident in increasingly high satisfaction and positive Net Promoter Scores. The client survey we conducted in 2015 is representative of one in six of our global client base. Client satisfaction remained high with nearly 70% of clients being either completely or very satisfied and was relatively unchanged year-on-year. Our Net Promoter Score improved at a global level, with all regions achieving positive scores and at Group level, an improvement of 10 points year-on-year to +32.

“WE HAVE A SOLID PLATFORM FROM WHICH WE CAN CONTINUE TO GROW PROFITABLY AND DEVELOP FOR THE FUTURE.”

**STEVEN ROBINSON,
CHIEF OPERATING OFFICER, BFS**

PROFITS

GROWING PROFITABLY

We have a solid platform from which, we can continue to grow profitably and develop for the future. We have continued to grow debts factored volumes and funds out despite an increasingly competitive trading and challenging macro-economic environment. During 2015, we achieved growth in invoice discounting and grew market share in factoring in our UK businesses. Our specialist products division, including trade and export finance and construction finance, grew strongly during the year.

HELPING STAT NURSING SERVICES, IN THE USA, GROW NEW BUSINESS

**“WORKING WITH BFS
HAS PROVIDED US THE
FINANCIAL STABILITY
THAT HAS ENABLED
US TO DEVELOP
OUR BUSINESS AND
TAKE ADVANTAGE
OF NEW GROWTH
OPPORTUNITIES.”**

We continued to grow our client base, up 3.1% in 2015 to 9,216 clients globally, increasing our client advances to over £689 million across 14 countries supported by a team of 1,211 people. We achieved a turnover in 2015 of £158 million, profit before tax of £58.3 million (including a profit on disposal of £37.6 million) and maintained a nominal bad debt charge.

Our commitment to growing our traditional factoring and invoice discounting portfolio is a core element of our future growth. As we move forward, our aim is to realise the potential from broadening our offering into different products to SMEs and attract and support larger clients in different market sectors. Our current plans are not focused on actively seeking new geographical markets.

**“WE HAVE A SOLID
PLATFORM THAT
HAS ENABLED BFS TO
GO FROM STRENGTH
TO STRENGTH AND
FROM WHICH WE CAN
CONTINUE TO GROW
AND DEVELOP FOR
THE FUTURE.”**

**STEPHEN ROSE, GLOBAL FINANCE
DIRECTOR, BFS**

RISK MANAGEMENT

EFFECTIVELY MANAGING RISK

Risk management, robust governance and internal control are central to the way we manage all aspects of our business. Our responsible practices underpin

our values, behaviours and culture and enable us to grow BFS in a disciplined and sustainable way.

Our risk management processes and systems manage, rather than eliminate, risk. This risk management framework represented by 'three

lines of defence' reviews the key risks facing the Group and is responsible for effectively managing and mitigating risk outcomes to ensure the continuing profitability and success of BFS.

THREE LINES OF DEFENCE

1. BUSINESS OPERATIONS

2. CENTRAL MANAGEMENT SUPPORT

3. INDEPENDENT REVIEW

BFS's core risk management principles have been effective in managing risk and we continue to invest in independent reviews as our third line of defence.

OWNERSHIP OF RISK AT THE BUSINESS LEVEL

The first line of defence for risk management within BFS is placed at the business level. A significant role of all business Managers throughout our global operations is to ensure risks are managed appropriately and effectively. Executive management support forms the second line of defence and independently assesses all material risks. The third line, which includes internal audit, and the BFS Audit Committee, independently reviews and challenges the Group's risk management controls, processes and systems.

Business Unit Heads are responsible for identifying risks within their operational responsibility and ensuring that they are managed appropriately. Ownership of risk is an essential aspect in how BFS understands and mitigates risk.

BOARD OVERSIGHT

The Board of BFS has overall responsibility for the Group's internal control and risk management. Their role is to monitor the on-going process by which critical risks to the business are identified, evaluated and managed.

Senior management and the Board regularly review the performance of the business compared with its business plan. Lines of responsibility and delegated authorities are clearly defined in the Group's policies. Procedures are regularly updated and distributed throughout the Group.

For all material decisions BFS requires the approval of our holding company Bibby Line Group Limited and our Non-Executive Directors.

RISK MANAGEMENT AND CONTROL ENVIRONMENT

We continually place focus on strengthening our governance, risk management and control environment to ensure decisions are made at the appropriate level and with accountability. Our risk management approach is designed to support the successful development and delivery of the Group's strategic and business objectives.

We operate a three lines of defence model whereby the Group manages its activities by addressing risks identified, supported by central governance, audit and business ownership. The aim of our risk management framework is to identify and manage the actions required to mitigate any impact and maintain a superior service to our clients.

RISK TYPES

STRATEGIC

GUIDANCE

Influenced by the environment in which the business operates. The external and internal factors which could impact BFS and compromise the ability of the business to deliver the long term growth plan and shareholder value objectives.

CATEGORIES

MACROECONOMIC/
POLITICAL

INDUSTRY/ MARKET
CLIENT DYNAMICS

COMPETITION

SHAREHOLDER
INTEREST

CHANGES IN LAW
AND REGULATIONS

BRAND/REPUTATION

KEY PEOPLE ISSUES

TECHNOLOGY CHANGES

MAJOR PROJECTS/
INVESTMENTS

OPERATIONAL

GUIDANCE

Concerns the day-to-day issues that arise within the business as it implements and executes its business objectives and plans and responds to external events.

CATEGORIES

INTERNAL AND
EXTERNAL FRAUD

EMPLOYMENT
PRACTICES AND
WORKPLACE SAFETY

CLIENTS, PRODUCTS
AND BUSINESS
PRACTICES

BUSINESS DISRUPTION
AND SYSTEM FAILURES

DAMAGE TO ASSETS

EXECUTION, DELIVERY
AND PROCESS
MANAGEMENT

3RD PARTY SUPPLIERS

CREDIT

GUIDANCE

Core to this business and influenced by internal and external factors impacting on client risk management.

CATEGORIES

CREDIT ENVIRONMENT

PORTFOLIO QUALITY

PORTFOLIO
PERFORMANCE

CONCENTRATIONS

CREDIT MANAGEMENT

CREDIT INSURANCE

FINANCIAL

GUIDANCE

Concerns the financial management and control of BFS and the effects of external factors that include the availability of funds and interest rate movements.

CATEGORIES

FUNDING

LIQUIDITY

INTEREST RATES

FOREIGN EXCHANGE

ACCOUNTING
TRANSPARENCY

FINANCIAL
PERFORMANCE

MANAGEMENT OF RISK

BFS's risk appetite for each proposal is defined by the principle: 'Preparing for worst case outcomes'. Where we can see strong gains from an investment but losses in the worst case our risk appetite is to ensure that any such losses remain within very acceptable limits. As a result of this approach, aggregate losses in a severe and long downturn are expected to be more than adequately covered by earnings. Owing to the spread within BFS's portfolio, 9,216 clients with an average of £75,000 advance in 14 countries, we do not set product, industry or country limits. We have set limits in terms of maximum exposure to one 'connection'. The spread within the BFS portfolio is a function of the market in which BFS operates in. Business units adhere to risk-return monitoring and reporting. In addition management's performance-based remuneration reflects this.

RISK GOVERNANCE AND STRUCTURE

Risk management is overseen by the Board, and is a key priority for Senior Managers within BFS, the Operating Company Managing Director, the regional Chief Executive

Officer (CEO), and the Global Chief Executive. The Global Risk Director is a Board member and reports directly to the Global Chief Executive. The Board oversees the risk appetite and profile of BFS and ensures that business developments are consistent with BFS's risk appetite and goals. All Board members have a responsibility for risk overall and within their own function.

In addition, to support our risk objectives, there are senior specialists within each region or function to focus on risks as appropriate. Risk acceptance decisions are delegated to individuals or to the Board as appropriate to ensure that relevant personnel are accountable for risk decisions.

INTERNAL CONTROL AND COMPLIANCE

A risk based internal audit process is operated within BFS, reporting to the Board and Audit Committee. As a part of the first line of defence, BFS conducts an annual operational audit of business units. This provides Management with the assurance that robust processes are adhered to. To support the third line of defence, the internal audit team provides an independent and objective

assessment in respect of risks that are adequately identified; that appropriate internal controls are in place to manage those risks; and that those controls operate effectively. This is reported to Executive Management and the Audit Committee.

CREDIT IMPAIRMENT REVIEW

All exposures are subject to recurring review for possible impairment. Provisions are recognised when there is objective evidence of impairment.

RISK CULTURE

BFS recognises that at the heart of an effective risk management framework is an effective risk culture, which is maintained as follows:

The Board sets expectations regarding appropriate behaviours and oversees performance.

Management implements the expectations by: their leadership and communication, organisational governance, incentives and establishing appropriate capability.

Monitoring of risk decisions is undertaken and reported in order to enable adjustment and refinement as required.

IAN RAMSDEN, GLOBAL RISK DIRECTOR, BFS

“WE CONTINUALLY PLACE FOCUS ON STRENGTHENING OUR GOVERNANCE, RISK MANAGEMENT AND CONTROL ENVIRONMENT TO ENSURE DECISIONS ARE MADE AT THE APPROPRIATE LEVEL AND WITH ACCOUNTABILITY.”

Key aspects of BFS's risk culture:

- > Business units are client-oriented
- > Day-to-day business processes and procedures include consideration of the significant risks, rather than as an additional consideration
- > Risk management is actively engaged in risk-based decisions
- > Taking a long term view is highly encouraged by BFS's Senior Management remuneration incentives.

RISK PERSONNEL

BFS has a central risk team, headed by the BFS Risk Director (RD), including the four Regional Risk Directors (RRD), covering UK, Europe, Asia Pacific and North America. Heads of the central functions, Finance, Risk, IT and Change, HR and Marketing are responsible for risk management within their functions. The four RRDs are responsible for the oversight of risk management within their regions. Within the four regions the RRDs have risk personnel responsible for ensuring appropriate risk management is carried out within BFS's business units worldwide.

CREDIT RISK

Credit risk is defined as the risk of loss in relation to an advance made by one of BFS's business units. Operating businesses are provided with country appropriate levels of credit discretion. The BFS Group average exposure is £75,000 therefore, an effective £500,000 limit will cover a majority of facilities. Credit exposures above these levels are only approved by Senior Underwriters RRD, Regional CEO and Board Credit Committee as appropriate.

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

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

OPERATIONAL RISK MANAGEMENT

Local business units are responsible for operational risk management. Operational risk incidents are recorded on a centralised reporting system. Incidents are managed from the Group to ensure they are satisfactorily categorised and analysed to identify trends and establish lessons learnt on the effectiveness of controls. Each business unit complies with a recurring operational audit which seeks to identify weaknesses and areas for improvement. The results of these audits are reported to the Board.

CAPITAL ADEQUACY

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

REGIONAL AND FUNCTIONAL RISK

Each of the Regional Risk Directors is responsible for oversight of all risks within their region. BFS operates a relatively entrepreneurial culture in terms of business and a formal new business approval process is in place, with regional and local authorities to enable efficient sanction in-situ where possible. Whilst the detail of application will vary in different geographical locations, the same robust and consistent risk management framework applies across all business units and functions.

LIQUIDITY RISK

BFS's aim is to ensure it has long term funding in place for its global operations. This is not practicable in all markets as a result of local banking practices. The aim, nonetheless, is to obtain, over time, longer term funding for each business as BFS grows.

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

In addition to regular Board meetings, the business generates regular global cash adequacy reports to ensure that any potential cash pressures that BFS may face are understood and effectively managed.



IAN RAMSDEN

Global Risk Director
22 April 2016

**WE BELIEVE
IN GIVING
SOMETHING
BACK**

SUPPORTING OUR COMMUNITIES

SUPPORTING OUR COMMUNITIES

Our aim is to be a responsible business, adding value to the local communities where we operate, through community initiatives and charitable involvement. Our employees' participation in local good causes is made possible by Bibby Line Group's 'Giving Something Back' programme, which helps to establish strong local relationships, underpins our values and aims to harness the passion of our people. The following figures are a reflection of BFS employees' dedication and commitment to their causes.

BFS 'GIVING SOMETHING BACK'

Our 'Giving Something Back' programme continued to see our teams worldwide take part in a variety of activities during 2015. We encourage our people to participate, through fundraising or volunteering. They helped to support personal and community charities, who have benefited from the funds raised by our people, totalling close to £164,000, a significant proportion of which is then match funded by Bibby Line Group.

ACHIEVEMENTS IN OUR COMMUNITIES

Our community involvement builds on our values to work as a family and create positive actions. During 2015, we supported a wide range of initiatives globally. We participated in events worldwide that included the Grand Canyon Central Event, 4 Peaks Challenge and Futurebuild Project in Tanzania to name a few. The passion and enthusiasm consistently displayed by our people to give something back to their communities never ceases to amaze and we look forward to further community achievements in 2016.

'GIVING SOMETHING BACK' CASE STUDY

One 'Giving Something Back' Champion's Day event held during 2015 raised much needed funds for local charities including The Woodlands Hospice and Alder Hey Children's Hospital as well as 12 year old Noah, who suffers from the life-shortening, muscle-wasting disorder, Duchenne muscular dystrophy. Noah touched the hearts of the Liverpool BFS team whose fundraising efforts allowed wheelchair bound Noah, a devoted Everton fan, to enjoy his passion for football with his friends at home by installing an astro-turfed garden and crucially, contributed towards the cost of a therapy pool at home, helping to improve his quality of life.

"AS A TEAM WE WERE INSPIRED BY NOAH'S POSITIVE ATTITUDE AND WERE PROUD TO HELP EMOTIONALLY AND FINANCIALLY SUPPORT HIM AND HIS FAMILY. WE RECOGNISE THE IMPORTANCE OF CONNECTING WITH THE COMMUNITIES IN WHICH WE WORK AND THIS IS AN IMPORTANT PART OF MAKING BIBBY A GREAT PLACE TO WORK."

MIKE CALVERT, HEAD OF SALES, BFS LIVERPOOL

BOARD OF DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31 December 2015.

DIRECTORS

The Directors who served during the year and to the date of this report were:

Sir Michael Bibby, Bt.

Chairman

Board appointment date - January 2001

Resignation date - April 2016

SKILLS AND EXPERIENCE

Sir Michael was appointed as Chairman in January 2001 and has been the Managing Director of Bibby Line Group Limited since 2000. After graduating from Oxford University he qualified as a Chartered Accountant before joining Unilever prior to moving to Bibby Line Group in 1992. He is currently Vice President of the Chamber of Shipping, Chairman of The Prince's Trust Fundraising Committee for Merseyside and Chairman of the Institute for Family Business Research Foundation.

David John Postings

Global Chief Executive Officer

Board appointment date - May 2012

SKILLS AND EXPERIENCE

David joined Bibby Financial Services as UK Chief Executive in April 2012 and was appointed as Global Chief Executive Officer in September 2015. David has 35 years' experience within the financial services sector and previously held senior roles at UK leading financial services companies, including Lloyds TSB, Barclays and TTT Moneycorp, where he gained extensive knowledge of the commercial finance landscape. David was formerly Managing Director of Barclays Sales Financing and subsequently ran the Barclays Group IT and Operations business. Thereafter, he joined Lloyds TSB as Managing Director of Commercial Banking, which included the post of Chairman at Lloyds TSB Commercial Finance.

Gaurav Batra appointed as Chairman 21 April 2016

Simon Andrew Featherstone resigned as a Director on 5 August 2015

Stephen George Rose

Global Finance Director
March 2013

SKILLS AND EXPERIENCE

Stephen was appointed Global Finance Director in March 2013. A graduate of St Anne's College Oxford, Stephen qualified as a Chartered Accountant with KPMG. He has a wealth of experience within the financial services sector, specialising in asset and sales finance. Stephen previously held the role of Group Director of Finance at Hitachi Capital and Finance Director at Barclays Asset and Sales Finance. Other senior roles include CFO at Aspen Insurance (UK), where he was a Board Director and senior executive finance roles at both Barclays and Lloyds Bank.

Steven Richard Box

International Chief Executive Officer
August 2015

SKILLS AND EXPERIENCE

Steven was appointed as Chief Executive Officer for Bibby Financial Services Europe in June 2015. In December 2015, his responsibilities extended to include North America and Asia Pacific regions, becoming International Chief Executive Officer. His previous experience includes 35 years at HSBC, where he predominately held senior positions within the receivables finance business and formerly within the Corporate and Commercial banking team. Steven has previously held the role of Chairman of the UK's Asset Based Finance Association, during 2010, and is currently on the Board of the International Factors Group & Factors Chain International.

Steven Vears Robinson

Chief Operating Officer
February 2014

SKILLS AND EXPERIENCE

Steven joined BFS in July 2012 as Business Change Partner for the UK operation of BFS and was appointed Global Chief Operating Officer in January 2014. As Global COO, Steven is responsible for the company's global business operations, leading on a number of key strategic initiatives including organisational change, improving operating performance and maximising the growth opportunities of BFS. Prior appointments include senior roles at Lloyds Banking Group and Barclays and latterly as Chief Operating & Risk Officer at TTT Moneycorp. With a strong financial services background spanning over 20 years, he is an experienced senior leader with a track record of developing and delivering transformational change in large and smaller businesses.

Ian Ramsden

Global Risk Director
February 2016

SKILLS AND EXPERIENCE

Ian joined Bibby Financial Services in 2005 as UK Risk Director and commenced his current role of Global Risk Director in February 2016. With 27 years' experience in banking and asset based lending, prior to joining BFS, Ian held the position of Head of Large Client Audit at Barclays, leading a team involved in structuring and managing facilities for corporate clients. In 2015, Ian headed-up the UK business' successful securitisation; a process which enabled BFS UK to increase its total funding available by over £200 million.

Darcy Willson-Rymer

Non-Executive Director
February 2014

SKILLS AND EXPERIENCE

Darcy joined Costcutter Supermarkets Group as Chief Executive in September 2012. Part of Bibby Line Group, Costcutter Supermarkets Group operates the Costcutter, Kwiksave, Mace and SuperShop convenience brands. Prior to joining he was Chief Executive Officer at Clinton Cards and formerly, Managing Director of Starbucks Coffee Company, UK and Ireland. Previous roles include three years at Unilever Ventures and 19 years with Yum! Brands, where he held several positions, including Operations Director for KFC, Great Britain.

Darcy is a Board member of Stop The Traffik, a charity which is devoted to the abolition of people trafficking.

Jon Haymer

Non-Executive Director and Chair of the Audit Committee
December 2001

SKILLS AND EXPERIENCE

Jon is Finance Director of Bibby Line Group Limited, the parent company of Bibby Financial Services. A graduate of Fitzwilliam College, Cambridge, Jon went on to qualify as a Chartered Accountant with Arthur Andersen & Co, Leeds. He joined Bibby Line Group as Finance Director to its shipping business in January 1994 before being appointed as Finance Director to the Group in January 1997.

He currently serves on the Council of the University of Liverpool as a Lay Officer.

Mark Hartigan resigned as a Director 27 November 2015
Ian Watson resigned as a Director 11 March 2016
Leigh Anderson Lones resigned as a Director 26 February 2016

MATTERS INCLUDED IN THE 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.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who is a Director at the date of approval of this report confirms that:

- > so far as the Director is aware there is no relevant audit information of which the Group auditor is unaware; and
- > the Director has taken all steps that he or she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Group auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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 UK and Republic of Ireland". Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the Directors are required to:

- > select suitable accounting policies and then apply them consistently;
- > make judgments and accounting estimates that are reasonable and prudent;

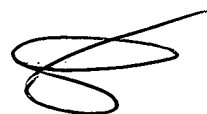
- > state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- > prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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.

SUBSEQUENT EVENTS

There are no events after the balance sheet date to report.

**By order of the Board
Bibby Bros. & Co.
(Management) Limited
22 April 2016**



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

INDEPENDENT AUDITOR'S REPORT

We have audited the financial statements of Bibby Financial Services Limited for the year ended 31 December 2015 which comprise the Group Statement of Income, Group and Parent Company Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Statement of Changes in Equity, the Group Cash Flow Statement and the related notes 1 to 24. 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 UK and Republic of Ireland".

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- > give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2015 and of the Group's profit for the year then ended;
- > have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- > have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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



David Heaton

(Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and
Statutory Auditor

Manchester
22 April 2016

GROUP STATEMENT OF INCOME

YEAR ENDED 31 DECEMBER 2015

		2015			2014		
		£000	£000	£000	£000	£000	£000
	Note	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Turnover	2	134,924	23,046	157,970	134,124	25,031	159,155
Operating Costs		(104,287)	(14,001)	(118,288)	(101,207)	(15,683)	(116,890)
Profit on Disposal of Operations	2	-	37,594	37,594	-	-	-
Operating Profit		30,637	46,639	77,276	32,917	9,348	42,265
Interest Receivable and Similar Income	3	109	-	109	54	-	54
Interest Payable and Similar Charges	4	(15,946)	(3,165)	(19,111)	(14,165)	(3,818)	(17,983)
Profit on Ordinary Activities Before Taxation	5	14,800	43,474	58,274	18,806	5,530	24,336
Tax on Profit on Ordinary Activities	6	(3,998)	(1,791)	(5,789)	(5,217)	(2,017)	(7,234)
Profit for the year attributable to equity shareholders		10,802	41,683	52,485	13,589	3,513	17,102

The Parent Company has not presented its own profit and loss account as permitted by Schedule 4, section 408, of the Companies Act 2006. The Parent Company has made a profit for the financial year of £13,063 (2014: £12,873,000).

GROUP AND PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Parent Company		Group	
	2015	2014	2015	2014
	£000	£000	£000	£000
Profit for the year attributable to equity shareholders	13,063	12,873	52,485	17,102
Currency translation difference on foreign currency net investment	-	-	(4,116)	(956)
Total comprehensive income for the year	13,063	12,873	48,369	16,146

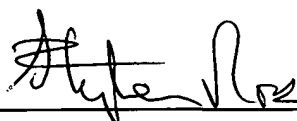
BALANCE SHEETS

AS AT 31 DECEMBER 2015

		Parent Company		Group	
		2015	2014	2015	2014
	Note	£000	£000	£000	£000
Fixed assets					
Intangible Assets	8	13,894	11,322	18,387	13,451
Tangible Assets	9	8,998	4,638	11,286	7,089
Investments	10	61,850	76,600	-	-
		84,742	92,560	29,673	20,540
Current assets: Debtors					
Debtors	11	35,172	12,414	863,592	941,619
Cash at Bank and in Hand	12	13,320	3,534	12,775	6,234
		48,492	15,948	876,367	947,853
Creditors					
(Amounts Falling Due Within One Year)	13	(61,038)	(40,270)	(215,224)	(261,330)
Net Current (Liabilities)/Assets		(12,546)	(24,322)	661,143	686,523
Total Assets Less Current Liabilities					
		72,196	68,238	690,816	707,063
Creditors					
(Amounts Falling Due After More Than One Year)	13	80	485	488,114	544,030
Capital and other reserves					
Called-Up Share Capital	15	62,600	62,600	62,600	62,600
Profit and Loss Account		9,516	5,153	140,102	100,433
Shareholder's Fund		72,116	67,753	202,702	163,033
		72,196	68,238	690,816	707,063

Company registration number: 03530461

Approved by the Board on 22 April 2016



S.G. Rose Global Finance Director

The notes on pages 42 to 63 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

COMPANY	Share capital	Profit and loss account	Total
	£000	£000	£000
At 1 January 2014	62,600	2,954	65,554
Profit for the year	-	12,873	12,873
Total comprehensive income	-	12,873	12,873
Dividends paid	-	(10,674)	(10,674)
At 31 December 2014	62,600	5,153	67,753

	Share capital	Profit and loss account	Total
	£000	£000	£000
At 1 January 2015	62,600	5,153	67,753
Profit for the year	-	13,063	13,063
Total comprehensive income	-	13,063	13,063
Dividends paid	-	(8,700)	(8,700)
At 31 December 2015	62,600	9,516	72,116

The notes on pages 42 to 63 form part of these financial statements.

GROUP	Note	Share capital	Profit and loss account	Total
		£000	£000	£000
At 1 January 2014 (as previously disclosed)		62,600	94,633	157,233
Adjustments arising on transition to FRS 102	23	-	328	328
At 1 January 2014 (as restated)		62,600	94,961	157,561
Profit for the year (as previously disclosed)		-	17,409	17,409
Adjustments arising on transition to FRS 102		-	(307)	(307)
Currency translation difference on foreign currency net investment		-	(956)	(956)
Total comprehensive income		-	16,146	16,146
Dividends paid		-	(10,674)	(10,674)
At 31 December 2014		62,600	100,433	163,033

	Note	Share capital	Profit and loss account	Total
		£000	£000	£000
At 1 January 2015		62,600	100,433	163,033
Profit for the year		-	52,485	52,485
Currency translation difference on foreign currency net investment		-	(4,116)	(4,116)
Total comprehensive income		-	48,369	48,369
Dividends paid		-	(8,700)	(8,700)
At 31 December 2015		62,600	140,102	202,702

The notes on pages 42 to 63 form part of these financial statements.

GROUP CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2015

	2015		2014	
	£000	£000	£000	£000
Cash flows from operating activities				
Profit for the financial year	58,274		24,336	
Adjustments for:				
Depreciation of property plant and equipment	1,626		2,365	
Amortisation of intangible assets	2,721		1,080	
Profit on disposal of property, plant and equipment	-		6	
Profit on disposal of operations	(37,594)		-	
Interest paid	19,111		17,983	
Interest received	(109)		(54)	
Increase in trade and other receivables	(154,955)		(90,767)	
Increase in trade payable	61,982		10,692	
Cash from operations	(48,944)		(34,359)	
Interest payable	(20,039)		(17,734)	
Income taxes paid	(6,064)		(7,616)	
Net cash generated from operating activities		(75,047)		(59,709)
Cash flows from investing activities				
Purchases of property, plant and equipment	(6,125)		(10,114)	
Purchases of intangible assets	(7,657)		(815)	
Cash received from sale of operations	50,657		-	
Interest received	109		54	
Net cash from investing activities		36,984		10,875

	2015		2014	
	£000	£000	£000	£000
Cash flows from financing activities				
Repayment of borrowings	(397,548)		(4,964)	
New loans	431,847		173,325	
Dividends paid	(8,700)		(10,674)	
Net cash released from financing activities		25,599		157,687
Net increase (decrease) in cash and cash equivalents		(12,464)		87,103
Cash and cash equivalents at the beginning of the year		(19,932)		(107,502)
Foreign exchange differences relating to cash and cash equivalents		148		467
Cash and cash equivalents at the end of the year		(32,248)		(19,932)
Components of cash and cash equivalents				
Cash		12,775		6,234
Overdraft		(45,023)		(26,166)
		(32,248)		(19,932)

NOTES TO THE FINANCIAL STATEMENTS

The financial statements are prepared under the historical cost convention and in accordance with applicable Law and United Kingdom Accounting Standards.

GENERAL INFORMATION

The Company is a private company limited by share capital incorporated in England.

The address of its registered office is:
105 Duke Street
Liverpool
L1 5JQ

These financial statements were authorised for issue by the Board on 22 April 2016.

The principal activity of the Group is the provision of invoice finance and other working capital solutions.

1. ACCOUNTING POLICIES

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

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

BASIS OF PREPARATION

The financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair values. The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which it operates. The financial statements are presented in pounds sterling.

GOING CONCERN - GROUP

These financial statements have been prepared on a going concern basis. As set out in the Directors' Responsibilities Statement, in preparing these financial statements the Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business. The Directors of the parent company have considered in detail the Group's forecast performance, as well as its capital and liquidity resources. On this basis the Directors have a reasonable expectation that, despite challenging market conditions, the Group has sufficient funding and liquidity facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the Directors of the Company have adopted the going concern basis in preparing these financial statements.

GOING CONCERN - COMPANY

The Directors have also considered the going concern status of the parent company. Although the Company is in a net current liabilities position, this is a result of inter-company liabilities with its subsidiary Companies, and it is therefore deemed that the parent company has control over repayment of these liabilities. Accordingly the Directors of the parent company have adopted the going concern basis in preparing the Company financial statements.

FIRST TIME ADOPTION OF FRS 102

These financial statements are the first financial statements of Bibby Financial Services Limited prepared in accordance with Financial Reporting Standard 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland). The financial statements of Bibby Financial Services Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP. Some of the FRS 102 recognition, measurement, presentation, disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Directors have amended certain accounting policies to comply with FRS 102. The Directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to the FRS'. Comparative figures have been restated to reflect the adjustments made, except to the extent that the Directors have taken advantage of exemptions retrospective application FRS 102 permitted by FRS 102 Chapter 35 'Transition to the FRS'. Adjustments are recognised directly in retained earnings at the transition date.

BAD DEBTS

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

CONSOLIDATION

The Group profit and loss account and balance sheets include the financial statements of Bibby Financial Services Limited and all its subsidiary undertakings. The majority of subsidiary undertakings prepare their financial information to 31 December 2015 and their results are included in the Group profit and loss account in full, except where a subsidiary undertaking has been acquired during the year in which case its results are included from the date of acquisition and accounted for by the acquisition method of accounting.

FINANCIAL INSTRUMENTS

The Company has elected to apply the recognition and measurement provisions of Section 11 'Basic Financial Instruments' and Section 12, 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

TRADE DEBTORS

Trade debtors are amounts due from customers for services performed in the ordinary course of business. The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired and an impairment loss incurred if there is objective evidence that an event or events since initial recognition of the asset have adversely affected the amount or timing of future cash flows from the asset. Trade debtors represent the debts assigned under factoring agreements, net of the bad debt provision. The full value of the assigned debt is recognised on the balance sheet as it represents rights of other access to future economic benefits.

TRADE CREDITORS

Trade 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.

FIXED ASSETS

Fixed assets are included at cost less accumulated depreciation. Depreciation is provided to write-off the assets over their useful life on a straight line basis as follows:-

Office Equipment

Three to seven years.

Leasehold Improvements

The lower of ten years or the remaining life of the lease.

INTANGIBLE ASSETS

Intangible assets are included at cost less accumulated amortisation. Amortisation is provided to write-off the assets over their useful life on a straight line basis as follows:

Intangible Assets - Five to ten years

CURRENT TAXATION

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantively enacted, at the balance sheet date.

DEFERRED TAXATION

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

OPERATING LEASES

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

LEASING ASSETS

Assets leased to clients which transfer substantially all the risks and rewards of ownership to the customer are classified as finance leases and are recorded within debtors. The net investment in finance leases represents total minimum payments less gross earnings allocated to future periods.

PENSION COSTS

Bibby Financial Services Limited and certain of its UK subsidiaries are members of the Bibby Line Group Limited Pension Scheme but are unable to identify their share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis therefore, as required by FRS 102 Section 28, Bibby Financial Services Limited continues to account for the scheme as if it were a defined contribution scheme. Payments to defined contribution schemes are charged as incurred, in the profit and loss account.

FOREIGN CURRENCIES

Transactions in currencies other than the functional currency (foreign currencies) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of transaction or, if the asset or liability is measured at fair value, the rate when that fair value was determined. All translation differences are taken to the profit and loss account, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

DERECOGNITION POLICY

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or when it has been transferred and the transfer qualifies for derecognition. After a transfer, the Group assesses the extent to which it has retained the risks and rewards of ownership of the transferred asset. If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether or not it has retained control of the asset. If the Group has retained control of the asset, it continues to recognise the asset to the extent of its continuing involvement; if the Group has not retained control of the asset it is derecognised.

REVENUE RECOGNITION

Revenue arises from continuing activities and represents discount, service and other charges to clients. Revenue is measured at the fair value of consideration received or receivable and is recognised when the services are delivered. Interest income on financial assets that are classified as loans and receivables (including trade debtors) are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instruments initial carrying amount. The Group recognises revenue when:

- > the amount of revenue can be reliably measured;
- > it is probable that future economic benefits will flow to the entity;
- > and specific criteria have been met for each of the Group's activities.

GOODWILL

Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the net assets acquired, and is eliminated by amortisation through the profit and loss account over its useful economic life. The Directors consider each acquisition individually and amortise the goodwill accordingly. Amortisation periods currently vary between 1 and 10 years. In accordance with FRS 102 section 27, goodwill is reviewed for impairment where events or changes in circumstances indicate that the carrying amount of the goodwill may not be recoverable. Impairment is measured by comparing the carrying value of the income generating unit with its recoverable amount. Where the recoverable amount is value in use, this is calculated by discounting the expected future cash flows to a net present value.

RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 102, the Group is exempt from disclosing related party transactions with Group companies as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

INVESTMENTS

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

CRITICAL ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The reported results of the Group are sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. The following are deemed to be the critical accounting estimates:

LOAN IMPAIRMENT PROVISIONS

The Group's loan impairment provisions are established to recognise incurred impairment losses in its portfolio of loans classified as loans and receivables and carried at amortised cost. A loan is impaired when there is objective evidence that events since the loan was granted have affected the expected cash flows from the loan. The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate.

2. SEGMENTAL ANALYSIS BY GEOGRAPHICAL REGION

	2015			2014		
	£000	£000	£000	£000	£000	£000
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Turnover						
United Kingdom	95,144		95,144	92,438		92,438
Rest of Europe	17,314		17,314	18,420		18,420
North America	20,496		20,496	21,046		21,046
Asia Pacific	1,970	23,046	25,016	2,220	25,031	27,251
	134,924	23,046	157,970	134,124	25,031	159,155

	2015			2014		
	£000	£000	£000	£000	£000	£000
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Profit on Ordinary Activity Before Taxation						
United Kingdom	10,871		10,871	15,767		15,767
Rest of Europe	906		906	1,277		1,277
North America	4,586		4,586	3,776		3,776
Asia Pacific	(1,563)	43,474	41,911	(2,013)	5,529	3,516
	14,800	43,474	58,274	18,807	5,529	24,336

	2015	2014
	£000	£000
Equity Shareholder's Funds		
United Kingdom	163,791	105,030
Rest of Europe	15,214	17,346
North America	23,224	20,271
Asia Pacific	473	20,386
	202,702	163,033

PROFIT ON DISPOSAL OF OPERATIONS

On 31 December 2015, Bibby FS (Holdings) Limited, a subsidiary of Bibby Financial Services Limited, sold its interest in Bibby Financial Services Australia Pty Limited for a consideration of £58,757,000. The profit on disposal of operation was £37,594,000.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015			2014		
	£000	£000	£000	£000	£000	£000
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Bank Interest Receivable and Similar Income based on an undiscounted basis	109	-	109	54	-	54

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2015			2014		
	£000	£000	£000	£000	£000	£000
	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
Interest payable on bank overdrafts and loans:						
based on an undiscounted basis	(11,161)	(3,165)	(14,326)	(14,165)	(3,818)	(17,983)
based on an amortised cost basis	(4,785)	-	(4,785)	-	-	-
	(15,946)	(3,165)	(19,111)	(14,165)	(3,818)	(17,983)

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

IS STATED AFTER CHARGING/(CREDITING) THE FOLLOWING AMOUNTS:

	2015	2014
	£000	£000
Staff Costs:		
Wages and Salaries	50,808	48,893
Social Security Costs	5,282	4,688
Pension Costs	3,427	3,437
	59,517	57,018
Depreciation	1,626	2,364
Amortisation of Intangibles	2,721	1,080
Hire of Plant and Equipment	1,302	930
(Profit)/Loss on Disposal of Fixed Assets	-	1
Rental of Property	2,816	3,000
Profit on Disposal of Operations	37,594	-
Fair Value Adjustment to Derivatives	(102)	-
Impairment Provision	5,318	7,239
Auditor's Remuneration:		
Fees Payable to the Company's Auditor for the Audit of the Company's Annual Accounts	3	3
Fees Payable to the Company's Auditor for the Audit of the Company's Subsidiaries and Consolidation of the Group	477	458
Other Services	69	10
Particulars of Employees		
The average number of persons employed during the year was:		
United Kingdom	758	726
Rest of Europe	206	222
North America	129	143
Asia Pacific	118	164
Total	1,211	1,255

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015	2014
	£000	£000
Current Tax on profit on ordinary activities:		
UK Corporation Tax	1,619	3,275
Foreign Tax Charge	3,453	4,143
Total current tax	5,072	7,418
Deferred Tax		
Origination and reversal of timing differences	717	(184)
	5,789	7,234

Total tax on profit on ordinary activities

A reduction in the UK corporation tax rate from 21% to 20% from 1 April 2015 and to 19% from 1 April 2016 was substantively enacted during 2015. Both of these rate reductions are reflected in the financial statements resulting in a charge of £5.8 million to the Profit and Loss in the period, included a net charge of £0.7 million in respect of the Group's net deferred tax asset.

	2015	2014
	£000	£000
Profit on Ordinary Activities Before Taxation	58,273	24,718
Current Tax at 20.25% (2014: 21.5%)	11,793	5,314
Expenses not Deductible for Tax Purposes	188	226
Profit on Disposal of Operations not subject to Corporation Tax	(7,883)	-
Effect of Higher Foreign Rates of Tax	1,332	858
Non-Utilisation of Tax Losses	363	685
Origination of Deferred Tax/Effect of Change in Rates	(4)	151
Total Tax Charge for the Year	5,789	7,234

7. DIVIDENDS PAID

	2015	2014
	£000	£000
On Ordinary £1 Shares:		
Interim Dividend of 8.5p per share paid on 9 January 2015	5,300	
Interim Dividend of 5.4p per share paid on 9 April 2015	3,400	
	8,700	
Interim Dividend of 8.8p per share paid on 23 January 2014		5,500
Interim Dividend of 8.0p per share paid on 27 March 2014		5,000
Interim Dividend of 0.3p per share paid on 16 April 2014		174
		10,674

8. INTANGIBLE ASSETS

COMPANY	Goodwill	Software and Development	Total
	£000	£000	£000
Cost			
At 1 January 2015	-	12,721	12,721
Additions	-	4,524	4,524
Exchange Difference	-	-	-
At 31 December 2015	-	17,245	17,245
Accumulated Amortisation			
At 1 January 2015	-	1,399	1,399
Charge for the Year	-	1,952	1,952
Exchange Difference	-	-	-
At 31 December 2015	-	3,351	3,351
Net Book Amount at 31 December 2015	-	13,894	13,894
Net Book Amount at 31 December 2014	-	11,322	11,322

GROUP	Goodwill	Software and Development	Total
	£000	£000	£000
Cost			
At 1 January 2015	18,268	13,536	31,804
Additions	-	7,657	7,657
Exchange Difference	187	-	187
At 31 December 2015	18,455	21,193	39,648
Accumulated Amortisation			
At 1 January 2015	16,954	1,399	18,353
Charge for the Year	769	1,952	2,721
Exchange Difference	187	-	187
At 31 December 2015	17,910	3,351	21,261
Net Book Amount at 31 December 2015	545	17,842	18,387
Net Book Amount at 31 December 2014	1,314	12,137	13,451

The Company has an intangible asset which relates to software. The carrying amount as at the end of the financial year is £7,308,000 and the remaining amortisation period is six years and ten months.

9. TANGIBLE ASSETS

COMPANY	Leasehold Improvements	Office Equipment	Total
	£000	£000	£000
Cost			
At 1 January 2015	196	5,046	5,242
Additions	-	5,228	5,228
At 31 December 2015	196	10,274	10,470
Accumulated Depreciation			
At 1 January 2015	53	552	605
Charge for the Year	21	846	867
At 31 December 2015	74	1,398	1,472
Net Book Amount at 31 December 2015	122	8,876	8,998
Net Book Amount at 31 December 2014	143	4,494	4,637

GROUP	Leasehold Improvements	Office Equipment	Total
	£000	£000	£000
Cost			
At 1 January 2015	1,473	17,300	18,773
Additions	-	6,125	6,125
Exchange Difference	-	(199)	(199)
Disposals on sale of operations	-	(1,649)	(1,649)
At 31 December 2015	1,473	21,577	23,050
Accumulated Depreciation			
At 1 January 2015	1,082	10,604	11,686
Charge for the Year	130	1,496	1,626
Exchange Difference	-	(185)	(185)
Disposals on sale of operations	-	(1,363)	(1,363)
At 31 December 2015	1,212	10,552	11,764
Net Book Amount at 31 December 2015	261	11,025	11,286
Net Book Amount at 31 December 2014	391	6,696	7,087

10. INVESTMENTS

The investments of the Group are held by the Company and eight sub-holding companies and are detailed below.

	2015	2014
	£000	£000
Investment in Subsidiary Undertakings	61,850	76,600
Ordinary Shares in Wholly Owned Group Undertakings:		
Bibby FS (Holdings) Limited	61,850	61,850
Bibby Trade Services Limited	-	3,200
Bibby Asset Finance Limited	-	9,250
Bibby Management Services Limited	-	600
Bibby Finance 1 Limited	-	-
Bibby Finance 2 Limited	-	-
Bibby Debt Finance Limited	-	-
Factoring UK Group Limited	-	1,700
Verus360 Limited	-	-
	61,850	76,600

Bibby FS (Holdings) Limited also holds the following investments:

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> > Bibby Financial Services (UK) Limited > Bibby Financial Services (Europe) Limited holds the following investments: <ul style="list-style-type: none"> > Bibby Financial Services (Ireland) Limited (operates in the Republic of Ireland) > Bibby Financial Services B.V. (Netherlands) > Bibby Factoring Slovakia, a.s. (operates in Slovak Republic) > Bibby Financial Services a.s. (operates in Czech Republic) > Bibby Financial Services GmbH (operates in Germany) > Bibby Financial Services Sp. z.o.o. (operates in Poland) | <ul style="list-style-type: none"> > Bibby Financial Services A.B. (operates in Sweden) > Bibby Financial Services (India) Pvt Limited (operates in India) > Bibby Financial Services (Asia) Limited (operates in Hong Kong) > Bibby Financial Services (Singapore) Pte Limited (operates in Singapore) > Bibby Financial Services (Holdings), Inc. (operates in the USA) and holds the following investments: <ul style="list-style-type: none"> > Bibby Financial Services (CA), Inc. (operates in the USA) > Bibby Financial Services (Midwest), Inc. (operates in the USA) | <ul style="list-style-type: none"> > Bibby International Trade Finance, Inc. (operates in the USA) > Bibby Transportation Finance, Inc. (operates in the USA) > Bibby Financial Services (Canada) Inc. (operates in Canada) |
|---|---|---|

Bibby Financial Services (UK) Limited holds the following investments:

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> > Bibby Asset Finance Limited holds the following investment: <ul style="list-style-type: none"> > Bibby Leasing Limited > Bibby Financial Services (FX) Limited holds the following investments: <ul style="list-style-type: none"> > Bibby Foreign Exchange Limited > Bibby Foreign Exchange (Solutions) Limited > Bibby Management Services Limited > Factoring UK Group Limited holds the following investments: <ul style="list-style-type: none"> > Factoring UK Limited > Cashflow UK Limited > Bibby Trade Services Limited | <ul style="list-style-type: none"> > Bibby Invoice Finance UK Limited holds the following investments: <ul style="list-style-type: none"> > Bibby Factors Bedford Limited > Bibby Factors Borehamwood Limited > Bibby Factors Bristol Limited > Bibby Factors International Limited > Bibby Factors Leicester Limited > Bibby Factors Limited > Bibby Factors Manchester Limited > Bibby Factors Northeast Limited > Bibby Factors Northwest Limited > Bibby Factors Scotland Limited > Bibby Factors Slough Limited > Bibby Factors Sussex Limited > Bibby Factors Wessex Limited > Bibby Factors Yorkshire Limited | <ul style="list-style-type: none"> > Bibby Trade Factors Limited > Global Management Services Limited > Bibby ACF Limited > Bibby Revolving Finance Limited > Bibby Transactional Finance Limited > Bibby Invoice Discounting Limited |
|---|---|---|

All the Group companies are registered in England and Wales, except for those which operate overseas, which are registered in those countries and Bibby Factors Scotland Limited, which is registered in Scotland. Bibby FS (Holdings) Limited and its subsidiaries operate as debt factors, Bibby Trade Services Limited and Bibby International Trade Finance, Inc. as transactional financiers and Bibby Asset Finance Limited and its subsidiary as capital asset financiers.

All of the Company's subsidiaries' equity shares are wholly owned, with the exception of Bibby Financial Services (India) Pvt Limited which is 75% owned by the Company. The Company owns the entire issued preference share capital of the aforementioned company. Voting rights are in proportion to overall share ownership.

11. DEBTORS

	Parent Company		Group	
	2015	2014	2015	2014
	£000	£000	£000	£000
Net Investment in Finance Leases	-	-	64,649	50,715
Trade Debtors	-	-	764,449	867,645
Prepayments and Accrued Income	1,796	3,720	14,787	13,675
Other Debtors	666	591	13,100	1,632
Amount Owed by Ultimate Parent Undertaking	5,117	5,117	5,117	5,117
Amount Owed by Other Group Undertakings	27,593	2,986	-	-
Deferred Taxation (See Note 14)	-	-	1,490	2,835
	35,172	12,414	863,592	941,619

	Group	
	2015	2014
	£000	£000
Trade Debtors comprise:		
Assigned Debts Receivable	1,032,049	1,156,282
Less: Recourse Debts due to Clients on Collection	(267,600)	(288,637)
	764,449	867,745

The assets and liabilities in the recourse business are offset as the arrangements with the clients allow the Group to settle the liabilities simultaneously without any condition attached. Net Investment in Finance Leases includes £19,721,000 (2014: £13,039,000) due in respect of hire purchase contracts. An amount of £32,556,000 (2014: £26,843,000) is included within Net Investment in Finance Leases, which falls due after more than one year.

The cost of assets acquired for the purpose of letting under Finance Leases was £27,448,000 (2014: £21,982,000). The aggregate rentals receivable during the year in respect of Finance Leases was £21,859,000 (2014: £17,438,000).

12. CASH AT BANK AND IN HAND

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

13. CREDITORS

	Parent Company		Group	
	2015	2014	2015	2014
	£000	£000	£000	£000
Amounts Falling Due Within One Year				
Trade Creditors	1,251	974	140,050	208,141
Overdrafts	-	-	45,023	26,166
Amounts Owed to Other Group Undertakings	58,839	38,701	-	-
Accruals and Deferred Income	34	22	27,653	23,277
Other Taxation and Social Security	-	-	2,124	1,816
Deferred Tax	914	573	-	-
Corporation Tax	-	-	374	1,930
	61,038	40,270	215,224	261,330
Amounts Falling Due After More Than One Year				
Bank Loans and Overdrafts	80	485	488,114	544,030

Bank loans and overdrafts are repayable as follows:

	Parent Company		Group	
	2015	2014	2015	2014
	£000	£000	£000	£000
Within One Year	-	-	45,023	26,166
Between One and Two Years	80	485	74,229	524,807
Between Two and Five Years	-	-	413,885	19,223
	80	485	533,137	570,196

The bank loans and overdrafts of certain factoring facilities are secured by a fixed and floating charge over the assets of the Group and its subsidiary undertakings with, however, the stipulation that in respect of the book debts the amount recoverable under this security is limited to the amount actually prepaid under client agreements. The interest charged on the Group's facilities is based on a variable rate above local country base rates or interbank rates.

14. DEFERRED TAXATION ASSET

	Parent Company	Group
	£000	£000
As at 1 January 2015	(573)	2,835
Profit and Loss Account - Charge (See Note 6)	(340)	(717)
Discontinued Operations	-	(857)
Exchange Difference	-	229
As at 31 December 2015	(913)	1,490

The amounts of deferred taxation recognised at rates between 13% and 38% (2014: 13% and 38%) are as follows:

COMPANY	2015	2014
	£000	£000
Accelerated Depreciation	(913)	573
Other Timing Differences	-	-
	(913)	573

GROUP	2015	2014
	£000	£000
Accelerated Depreciation	484	1,622
Other Timing Differences	1,006	1,213
	1,490	2,835

A deferred tax asset of £1,353,000 (2014: £1,597,000) has not been recognised at the balance sheet date as it is not certain that it will be recoverable in the foreseeable future.

15. CALLED-UP SHARE CAPITAL

	2015	2014
Allotted and Fully Paid: Ordinary £1 Shares	62,600,000	62,600,000

16. DIRECTORS EMOLUMENTS

	2015	2014
	£000	£000
The total emoluments were:		
Emoluments	2,076	2,270
Long term incentives	440	-
Compensation for loss of office	416	-
Pension Contributions	151	110
	3,083	2,270

The emoluments, excluding pension contributions, of the Chairman were £nil (2014: £nil) and of the highest paid Director £850,000 (2014: £368,000).

Contributions of £ 151,000 (2014: £110,000) were made in respect of nine (2014: six) of the Directors to a money purchase pension scheme. The pension contributions of the highest paid Director to a money purchase scheme for the year were £9,000 (2014: £nil).

17. CAPITAL COMMITMENTS

As at 31 December 2015, the Group had no capital commitments (2014: nil).

18. CONTINGENT LIABILITIES

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

	2015	2014
	£000	£000
Unpresented Letters of Credit	709	1,186

19. PENSION COSTS

The Group participated in the Bibby Line Group Pension Scheme (the "Scheme"), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000 and closed to future accruals for existing members from 30 September 2011. The contributions made by the Group over the financial year to this Scheme have been £nil (2014: £nil) as the ultimate parent company, as the principal employer of the Scheme, has recognised the full deficit in the Scheme and makes deficit contributions in line with a schedule of contributions agreed with the Trustees of the pension scheme.

As part of the information disclosed under FRS 102 in the ultimate holding company's accounts, a deficit of £12,976,000 (2014: £18,727,000) is noted. Further information on the Scheme can be found in the financial statements of the ultimate parent company.

Since 1 April 2000, the Group has participated in a defined contribution scheme for new employees, currently the Bibby Line Group Personal Pension Plan ("the Plan"), which is a defined contribution scheme for new employees. The contributions made by the Group over the financial year to the Plan have been £2,398,000 (2014: £1,998,000).

The Group has also made contributions of £37,000 (2014: £33,000) to private money purchase pension schemes.

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £nil (2014: £nil).

20. OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2015		2014	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Group				
within one year	2,167	1,211	2,857	719
between one and five years	5,453	1,955	5,015	1,113
after five years	430	-	1,815	-
	8,050	3,166	9,687	1,832
Company				
within one year	281	338	231	271
between one and five years	1,014	421	1,014	392
after five years	260	-	515	-
	1,554	759	1,759	742

21. DERIVATIVES

The company enters into derivatives as a principal to manage foreign exchange and interest risk. Derivatives include swaps and forwards.

A forward contract is a contract to buy (or sell) a specified amount of a physical or financial commodity, at an agreed price, on an agreed future date. Forward foreign exchange contracts are contracts for the delayed delivery of currency on a specified date. All contracts entered into are for periods less than six months.

At year end, the notional principal amounts of the Company's derivatives were as follows:

	2015	2014
	£000	£000
Notional principal amounts		
Forward rate contracts	19,810	608
	2015	2014
	£000	£000
Fair value		
Current (liabilities)/assets	(102)	34

Derivatives are valued by reference to observable market data, other than quoted market prices.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT

CREDIT RISK

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

The key principles of the Group's Credit Risk Management Framework are set out below:

- > Approval of all credit exposure is granted prior to any advance or extension of credit.
- > An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.

- > Credit risk authority is delegated by the Board and specifically granted in writing to all individuals involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.
- > All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

The following table provides an analysis of the credit quality of third party financial assets and commitments based on the performing/impaired status of the asset.

	2015	2014
	£000	£000
Trade and other receivables		
Performing	821,312	913,188
Impaired	26,632	25,366
Impairment provision	(18,846)	(20,194)
	<u>829,098</u>	<u>918,360</u>

The following table shows the movement in the provision for impairment of trade and other receivables.

	2015	2014
	£000	£000
At 1 January 2015	20,194	17,448
Charged to profit and loss account	5,318	7,239
Amounts written off	(5,510)	(4,340)
Recoveries	8	17
Discontinued operations	(1,117)	-
Exchange differences	(47)	(170)
At 31 December 2015	18,846	20,194

For invoice financing BFS lends to clients against approved invoices that are legally assigned to BFS and therefore act as security for lending. For leasing, BFS will hold security over the assets financed by the lease.

MARKET RISK

Structural interest rate risk arises where assets and liabilities have different repricing maturities. BFS aligns assets and liabilities with variable interest rates linked to an appropriate market rate.

CURRENCY RISK

The Group undertakes certain transactions denominated in foreign currencies, hence exchange rate fluctuations arise. The Group's policy is normally to match foreign currency receivables with borrowings in the same currency. Where necessary we address exchange rate transaction risk by taking out forward cover in the form of a currency derivative contract.

LIQUIDITY RISK

The risk is the risk that the Group is unable to meet its obligations as they fall due. The table below analyses financial instrument liabilities of the Group, on an undiscounted future cash flow basis according to contractual maturity, into relevant maturity groupings based on the remaining period at the balance sheet date; balances with no fixed maturity are included in the up to 1 month category. Amounts classified as overdrafts are repayable on demand, there is no expectation that such a demand will be made.

	Up to 1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
	£000	£000	£000	£000	£000	£000
Financial Liabilities						
Trading and other payables	27,653	-	2,498	-	-	30,151
Bank overdrafts	45,023	-	-	-	-	45,023
Bank loans	-	-	-	488,114	-	488,114
	72,676	-	2,498	488,114	-	563,288

EXCHANGE RATE RISK

At 31 December 2015, if Sterling had weakened 10% against the world's major currencies with all other variables held constant, shareholders' funds for the year would have been £4.3 million (2014: £6.3 million) higher. Conversely, if Sterling had strengthened 10% against the world's major currencies with all other variables held constant, shareholders' funds would have been £3.5 million (2014: £5.2 million) lower. The lower foreign currency exchange rate sensitivity in shareholders' funds in 2015 compared with 2014 is attributable to the Group no longer owning Bibby Financial Services Australia Pty Limited and as a result, not being sensitive to exchange rate movement between the Australian Dollar and Sterling.

23. TRANSITION TO FRS 102

RECONCILIATION OF EQUITY AT 1 JANUARY 2014	Parent company	Group
	£000	£000
Total Equity at 1 January 2014 under Previous UK GAAP	65,554	157,233
Derivatives	-	328
Intangible Assets re-classified from Tangible Assets	5,053	5,053
Tangible Assets	(5,053)	(5,053)
Total Equity at 1 January 2014 under FRS 102	65,554	157,561

RECONCILIATION OF EQUITY AT 31 DECEMBER 2014

	Parent company	Group
	£000	£000
Total Equity at 31 December 2014 under Previous UK GAAP	67,753	163,012
Lease incentives	-	(6)
Derivatives 2013 movement	-	328
Derivatives 2014 movement	-	(301)
Intangible Assets re-classified from Tangible Assets	11,322	11,322
Tangible Assets	(11,322)	(11,322)
Total Equity at 31 December 2014 under FRS 102	67,753	163,033

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Parent company	Group
	£000	£000
Profit on Ordinary Activities Before Taxation under Previous UK GAAP	11,555	24,718
Derivatives	-	34
Lease incentives	-	(7)
Taxation	-	76
Profit on Ordinary Activities After Taxation under FRS 102	11,555	24,745

The following were changes in accounting policies arising from the transition to FRS 102:

LEASE INCENTIVES

The Group and Company have applied paragraph 20.15A to lease incentives where the lease commenced before the date of transition to FRS 102.

DERIVATIVES

Forward foreign currency contracts are recorded on the balance sheet at fair value and accounted for at fair value through the Profit and Loss. Under previous UK GAAP these were recognised at contracted rates, with gains and losses being offset against the foreign exchange gains and losses on related financial assets and liabilities.

TANGIBLE AND INTANGIBLE ASSETS

The Group and Company have restated Software and Development costs from Tangible Fixed assets to Intangible fixed assets as at 1 January 2014.

24. PARENT UNDERTAKING

The parent of the largest group in which these financial statements are consolidated is Bibby Line Group Limited, incorporated in England.

The address of Bibby Line Group Limited is:

105 Duke Street
Liverpool
L1 5JQ

Registration number: 00034121 (England & Wales)

Bibby Financial Services Limited

Endeavour House, Noral Way, Banbury,
Oxfordshire, OX16 2SB, United Kingdom

Registered Office

105 Duke Street, Liverpool, L1 5JQ,
United Kingdom
Registered in England and Wales
Registered Number: 3530461

T: 0044 (0) 1295 661900

F: 0044 (0) 1295 661979

E: Marketing@bibbyfinancialservices.com

W: www.bibbyfinancialservices.com