

Annual Review 2013

A global network of
local companies

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BIBBY
FINANCIAL SERVICES

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Ultimate Parent Undertaking

Bibby Line Group Limited

Directors

Sir Michael Bibby, Bt. Chairman
Simon Andrew Featherstone, Global Chief Executive
Simon Timothy Davies
Mark Timothy Hartigan
Jonathan Haymer
Leigh Anderson Lones
David John Postings
Stephen George Rose
Ian Watson
Steven Vears Robinson
Darcy Willson-Rymer

Secretary

Bibby Bros. & Co. (Management) Limited

Registered Office

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

Auditors

Deloitte LLP
Liverpool
United Kingdom

Global Chief Executive's Statement

2013 was another year of solid progress in building Bibby Financial Services.

Trading conditions across most of our markets were challenging, with turnover flat on a consolidated basis, the cost of continued long term investment in overheads to develop our systems meant that we delivered slightly below the previous year's profit before tax at £31.5m.

Having said that, we continue to have great confidence in our ability to grow our business given the opportunities there are world-wide. Our focus on risk has resulted in a great spread of risk within the BFS portfolio, (7000+ clients and 200,000+ debtors in 16 countries, average advance c. £100k and funded by 20+ banking relationships). We continue to focus strongly on the risk within our portfolio as this has allowed us in the past to grow successfully and gives us confidence in growing our portfolio at pace, in the future, as and when opportunity allows.

Economic and competitive challenges made turnover in the UK business the biggest challenge and given its scale masked the underlying growth across the other regions. In 2013 we

continued to invest record amounts in our core IT and business systems. This investment will give us a platform for sustainable growth and enable innovation and improvements to our processes in order that we deliver ever

London business introducers' event

better service to our clients. We also continued to invest in our core functional capability, particularly people, including training and new office moves.

On a regional basis we had a strong profit performance for our European region together with, in its 10th anniversary year, an all-time record for Australia. We launched our first TV advertising campaign in Australia and the Asia Pacific region also passed a significant milestone with over 500 clients. Singapore made a super-fast start to trading and delivered above plan. We were also selected as the first independent factor to join the Singapore government supported loan insurance scheme, a recognition of our teams' ability there and of BFS's strength.

Our product portfolio has been enhanced with the offering of non-recourse and 'non notification' products in North America, while we continued our expansion with an opening in Montreal to serve the Quebec market. We were also delighted that our market research confirms we are recognised as one of the largest independent factors in the region by both the Independent Factoring Association and the Commercial Finance Association.

Responding to customer demand we successfully launched Forward Finance in the UK, a simple competitively priced

product for smaller SMEs with borrowing needs up to £50,000. We have been very pleased with the strong uptake and much simpler operating model for both ourselves and our clients. I must also give specific recognition to the phenomenal performance of our UK leasing business which achieved outstanding profit growth in 2013 and is now a key business in our UK group. Our ability to deliver growth relies on the strength of our relationships and in 2013 we held a landmark event in London for business introducers which attracted over 200 guests and a number of high profile speakers. The event was a first, we believe, in the UK market and added strongly to our reputation as the UK's largest independent player in the small business funding market.

We are passionate about treating our customers fairly, and we have been a leading driver behind moves to significantly strengthen the UK "factoring industry" code of conduct, ensuring the highest ethical standards for our clients. We then unilaterally implemented these standards throughout our international business to ensure a common global standard in our efforts to provide customers with the best possible service.

In the Netherlands our joint venture with a leading brand continues to make significant progress, with a doubling in client portfolio during the year. Elsewhere the region also led the way with the launch in Sweden of an innovative electronic invoice upload facility and invoice archiving solution.

As ever I was extremely proud that we continued to deliver tremendous support to local communities and charities through the Bibby Line Group (BLG) 'Giving Something Back' programme. During 2013 BLG and all our people contributed a fantastic fundraising total of £1.3m demonstrating the

Himalayas charity fundraising trek

huge commitment our people have to supporting worthy causes and communities across our international network. I would also like to thank all the banks from across the globe that continue to provide us with funding. During 2013 increased funding lines were arranged for a number of the Group's subsidiary companies including the UK leasing business and the invoice financing business in Australia, New Zealand, Singapore and Hong Kong. Your support is appreciated.

Finally, I would like to thank all of my colleagues throughout the Group. BFS is on an exciting journey for growth, and your efforts to deliver every day for our clients is what has enabled us to deliver these strong results.

Simon Featherstone

Global Chief Executive Bibby Financial Services

2013 Strategic Report

Bibby Financial Services Limited is a wholly owned subsidiary of Bibby Line Group Limited and acts as the holding company for Bibby Line Group's Financial Services division.

The division provides financial services to clients in 16 countries in Europe, North America and Asia Pacific. The legal entities providing these services are referred to as the "Group" in these financial statements. Financial services includes factoring, invoice discounting, trade finance and asset finance.

Review of the business

As shown in the profit and loss account, the Group's turnover remained stable at £161 million in 2013 and profit after tax has decreased by 12.4% from £24.4 million to £21.3 million. The major factors resulting in the decrease in profit after tax are the pressure on margins in the year (partly driven by the increasing proportion of invoice discounting in debts factored) and continued long term investment.

The balance sheet within these financial statements shows that the Group's shareholder's funds at the year end, is attributable to the retained profit of £8.9 million less the currency translation difference on foreign currency net investment.

The Group manages its operations on a regional and divisional basis, although within that structure each operating company has a large degree of autonomy. For this reason, the Group's directors believe that further key performance indicators for the Group are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the regions and the divisions of the Group are discussed in the Business Reviews and Directors' Reports of the companies making up those groupings, where required by the Companies Act 2006.

The Group continues to seek investment opportunities in existing and new business areas with a view to continuing its policy of expansion.

Principal Risks and Uncertainties

Competitive pressure in international markets is a continuing risk for the Group. To manage this risk, the Group strives to provide clients with a high standard of service and to develop new products to satisfy their needs.

The Group offers facilities to its clients in a number of different currencies in the countries in which it operates and is therefore exposed to currency movements on the facilities provided in non-domestic currencies. This exposure is mitigated by ensuring that assets and liabilities in the same currencies are matched as closely as possible.

The Group is financed by a collection of fixed and floating rate bank loans. However, as the majority of the facilities the Group provides to its clients carry rates of discount or interest that are also floating, the Group's exposure to interest rate fluctuations is largely mitigated.

The Group has maintained very strong liquidity and funding relationships during the recession while continuing to grow

strongly and, together with other bank facility renewals and extensions in 2013, the business was able to increase and extend until 2015 its main £430 million facility with a consortium led by Barclays Bank Plc. In February 2014 the bank facility for BFS Australia was increased to A\$200m and extended to December 2015. This gives the Directors the confidence to pursue the Group's expansion aggressively.

The Group's principal activities involve taking a credit risk in respect of its clients. This risk is primarily managed by taking adequate security and by a series of internal controls, both manual and systems-based.

The Group has entered into derivative contracts. These were entered into after significant review by the directors of the effectiveness of the derivatives to hedge the Group's foreign currency exposure.

The Group strives to maintain the highest standards in corporate governance and bases its actions on the principles of openness, integrity and accountability. Audit and Remuneration committees exist within Bibby Line Group Limited, the Group's parent company, which cover the activities of the businesses.

Environment

The Group recognises the importance of its environmental responsibilities and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the Group's impact on the environment include recycling and reducing energy consumption.

Employees

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

The Group participates in a money purchase scheme operated by Bibby Line Group Limited. The Group also makes contributions to private money purchase schemes.

The Group is committed to the continuing development of effective employee communication and involvement, including regular publication of company magazines and e-newsletters in addition to Intranet services. It is the Group's policy to promote the understanding and involvement of all employees in its business aims and performance.

By order of the Board

Bibby Bros. & Co. (Management) Limited
28 March 2014



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

2013 Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 December 2013.

Directors

The directors who served during the year were:

Sir Michael Bibby, Bt. – Chairman
 Simon Featherstone – Global Chief Executive
 Jonathan Haymer
 Mark John Cleaver (resigned 7 April 2013)
 Stephen George Rose (appointed 25 March 2013)
 Mark Timothy Hartigan
 Edward John Rimmer (resigned 31 December 2013)
 Diane Blinkhorn
 David John Postings
 Ian Watson
 Leigh Anderson Lones
 Simon Timothy Davies
 Tony Morgan (resigned 9 December 2013)

Since the year end, on 27th February 2014, Steven Vears Robinson and Darcy Willson-Rymer were appointed as Directors, and Diane Blinkhorn resigned.

Directors' Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Principal Activities

The Group's principal activity continues to be the provision of financial services. There have been no significant changes in the Group's principal activities in the year under review. The directors are not, at the date of this report, aware of any likely major changes in the Group's activities during 2014.

Dividends

An interim dividend of £12,406,500 (19.8 pence per share) was paid during the year (2012 - £14,550,000; 23.9 pence per share).

Matters included in Strategic Report

In accordance with s414C(11) of the Companies Act, 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.

Going Concern

The current 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 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 facilities to ensure that it will continue in operational existence for the foreseeable future. Accordingly the directors of the parent company have adopted the going concern basis in preparing the financial statements.

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 Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the parent company and of the profit or loss for that period.

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

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

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

Subsequent Events

Events after the balance sheet date have been disclosed in note 29.

By order of the Board

Bibby Bros. & Co. (Management) Limited
 28 March 2014
 Duty Authorised Signatory
 For and on behalf of
 Bibby Bros. & Co. (Management)
 Limited, SECRETARY

Independent Auditor's report to the Members of Bibby Financial Services Limited

We have audited the financial statements of Bibby Financial Services Limited for the year ended 31 December 2013 which comprise the Group Profit and Loss Account, the Statement of Total Group Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 29. 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).

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 have 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 material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion 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 2013 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 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
Liverpool, United Kingdom

28 March 2014

Group Profit and Loss Account
 year ended 31 December 2013

	Note	2013 £000	2012 £000
Turnover	2	161,038	161,430
Operating Costs		<u>(112,793)</u>	<u>(111,093)</u>
Operating Profit	18	48,245	50,337
Interest Receivable and Similar Income	3	75	65
Interest Payable and Similar Charges	4	<u>(16,846)</u>	<u>(16,993)</u>
Profit on Ordinary Activities Before Taxation	2, 5	31,474	33,409
Tax on Profit on Ordinary Activities	6	<u>(10,125)</u>	<u>(9,036)</u>
Profit on Ordinary Activities After Taxation		21,349	24,373
Minority Interest	21	-	440
Profit for the Financial Year	16, 17	<u>21,349</u>	<u>24,813</u>

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 made a profit for the financial year of £10,790,000 (2012 - £11,430,000).

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

Statement of Total Group Recognised Gains and Losses
 year ended 31 December 2013

	Note	2013 £000	2012 £000
Profit for the Financial Year	16, 17	21,349	24,813
Currency Translation Difference on Foreign Currency Net Investment	16, 17	<u>(4,723)</u>	<u>(1,302)</u>
Total Recognised Gains Relating to the Year		<u>16,626</u>	<u>23,511</u>

The notes on pages 8 to 18 form part of these financial statements.

Balance Sheets

as at 31 December 2013

	Note	Parent Company		Group	
		2013 £000	2012 £000	2013 £000	2012 £000
Fixed Assets:					
Intangible Assets	8	-	-	2,392	3,535
Tangible Assets	9	7,990	2,011	10,739	5,602
Investments	10	<u>164,003</u>	<u>164,003</u>	<u>-</u>	<u>-</u>
		<u>171,993</u>	<u>166,014</u>	<u>13,131</u>	<u>9,137</u>
Current Assets:					
Debtors	11	10,124	10,987	1,148,414	1,065,890
Cash at Bank and in Hand	12	<u>4,611</u>	<u>4,475</u>	<u>7,237</u>	<u>3,663</u>
		14,735	15,462	1,155,651	1,069,553
Creditors (Amounts Falling Due Within One Year)	13	<u>(120,909)</u>	<u>(112,690)</u>	<u>(634,189)</u>	<u>(511,834)</u>
Net Current (Liabilities)/Assets		<u>(106,174)</u>	<u>(97,228)</u>	<u>521,462</u>	<u>557,719</u>
Total Assets Less Current Liabilities		<u>65,819</u>	<u>68,786</u>	<u>534,593</u>	<u>566,856</u>
Creditors (Amounts Falling Due After More Than One year)	13	<u>265</u>	<u>1,615</u>	<u>377,360</u>	<u>413,842</u>
Capital and Other Reserves:					
Called-Up Share Capital	15	62,600	62,600	62,600	62,600
Profit and Loss Account	16	<u>2,954</u>	<u>4,571</u>	<u>94,633</u>	<u>90,414</u>
Shareholder's Funds	2, 17	<u>65,554</u>	<u>67,171</u>	<u>157,233</u>	<u>153,014</u>
		<u>65,819</u>	<u>68,786</u>	<u>534,593</u>	<u>566,856</u>

Company registration number: 03530461

Approved by the Board on 28 March 2014



S.G. ROSE
Global Finance Director

The notes on pages 8 to 18 form part of these financial statements.

Group Cash Flow Statement
 year ended 31 December 2013

	Note	2013 £000	2012 £000
Net Cash (Outflow)/Inflow from Operating Activities	18	(18,340)	16,461
Returns on Investments and Servicing of Finance:			
Interest Received		75	65
Interest Paid		<u>(16,839)</u>	<u>(16,965)</u>
		(16,764)	(16,900)
Taxation:			
UK Tax Paid		(4,999)	(8,821)
Foreign Tax Paid		<u>(3,082)</u>	<u>(3,431)</u>
		(8,081)	(12,252)
Capital Expenditure and Financial Investment:			
Purchase of Tangible Fixed Assets		(7,045)	(3,743)
Proceeds from Sale of Tangible Fixed Assets		<u>62</u>	<u>163</u>
		(6,983)	(3,580)
Acquisitions and Disposals:			
Refund of Purchase Consideration		-	434
Deferred Consideration Paid		<u>-</u>	<u>(100)</u>
		-	334
Equity Dividends Paid		<u>(12,407)</u>	<u>(14,414)</u>
Cash Outflow Before Financing		(62,575)	(30,351)
Financing:			
New Loans		69,315	36,281
Repayments of Amounts Borrowed		<u>(3,000)</u>	<u>(6,000)</u>
		66,315	30,281
Increase/(Decrease) in Cash	19, 20	<u>3,740</u>	<u>(70)</u>

The notes on pages 8 to 18 form part of these financial statements.

Notes to the Financial Statements

1. Accounting Policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

Accounting Basis

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

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 intercompany 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.

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 2013 and their results are included in the Group profit and loss account in full, except where a subsidiary undertaking has been acquired during the year in which case its results are included from the date of acquisition and accounted for by the acquisition method of accounting.

Income Recognition

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

Debtors and Creditors

Trade debtors represent the debts assigned under factoring agreements, net of any bad debt provision. The full value of the assigned debt is recognised on the balance sheet as it represents rights or other access to future economic benefits. The corresponding trade creditor recognised represents the difference between the assigned debt and cash advanced to clients net of appropriate factoring fees.

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.

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 five years
Leasehold Improvements	-	The lower of ten years or the remaining life of the lease

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 customers 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 17 'Retirement Benefits', Bibby Financial Services Limited continues to account for the scheme as if it were defined contribution scheme.

Payments to defined contribution schemes are charged as incurred, in the profit and loss account.

Foreign Currencies

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

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the net assets acquired, and is eliminated by amortisation through the profit and loss account over its useful economic life. The directors consider each acquisition individually and amortise the goodwill accordingly. Amortisation periods currently vary between 1 and 10 years.

Related Party Transactions

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

Investments

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

2. Segmental Analysis by Geographical Region

	2013 £000	2012 £000
Turnover		
United Kingdom	92,017	97,769
Rest of Europe	18,102	16,608
North America	23,206	21,154
Asia Pacific	<u>27,713</u>	<u>25,899</u>
	<u>161,038</u>	<u>161,430</u>

	2013 £000	2012 £000
Profit on Ordinary Activities Before Taxation		
United Kingdom	22,922	23,828
Rest of Europe	1,678	1,979
North America	3,782	4,717
Asia Pacific	<u>3,092</u>	<u>2,885</u>
	<u>31,474</u>	<u>33,409</u>

	2013 £000	2012 £000
Equity Shareholder's Funds		
United Kingdom	101,737	97,647
Rest of Europe	17,974	16,919
North America	17,163	15,664
Asia Pacific	<u>20,359</u>	<u>22,784</u>
	<u>157,233</u>	<u>153,014</u>

Gross debts factored and transactions financed during the year were £8,120m (2012 - £7,663m).

3. Interest Receivable and Similar Income

	2013 £000	2012 £000
Bank Interest Receivable and Similar Income	<u>75</u>	<u>65</u>

4. Interest Payable and Similar Charges

	2013 £000	2012 £000
On Bank Loans and Overdrafts	<u>16,846</u>	<u>16,993</u>

5. Profit on Ordinary Activities Before Taxation

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

	2013 £000	2012 £000
Staff Costs:		
Wages and Salaries	50,919	49,168
Social Security Costs	4,518	4,419
Pension Costs	3,095	2,204
Depreciation	1,719	1,306
Amortisation of Goodwill	1,151	1,145
Hire of Plant and Equipment	980	755
(Profit)/Loss on Disposal of Fixed Assets	(8)	1
Rental of Property	3,012	2,933
Auditor's Remuneration:		
Fees Payable to the Company's Auditor for the Audit of the Company's Annual Accounts	3	2
Fees Payable to the Company's Auditor for the Audit of the Company's Subsidiaries	450	294
Other Services - Taxation and Other Advisory Services	110	87

Particulars of Employees

	2013	2012
The average number of persons employed during the year was	<u>1,210</u>	<u>1,179</u>

6. Tax on Profit on Ordinary Activities

	2013 £000	2012 £000
Foreign Tax Charge	3,710	3,544
Adjustment for Prior Year Taxes	398	(163)
UK Tax Charge	<u>5,097</u>	<u>5,903</u>
Current Tax Charge for the Year	<u>9,205</u>	<u>9,284</u>
Deferred Tax (See Note 14)		
Current Year Charge/(Credit)	<u>920</u>	<u>(248)</u>
	<u>10,125</u>	<u>9,036</u>

The current tax charge, excluding deferred tax, is higher (2012 - higher) than the anticipated charge. The anticipated charge is based on the average rate of tax (weighted in proportion to accounting profit) across the Group.

	2013 £000	2012 £000
Profit on Ordinary Activities Before Taxation	<u>31,474</u>	<u>33,409</u>
Current Tax at 23.25% (2012 - 24.5%)	7,318	8,185
Difference Between Capital Allowances and Depreciation	(502)	(127)
Other Timing Differences	(145)	406
Expenses not Deductible for Tax Purposes	460	186
Adjustment in Respect of Previous Periods	398	(163)
Effect of Foreign Rates of Tax	696	624
Non-Utilisation of Tax Losses	<u>980</u>	<u>173</u>
Current Tax Charge for the Year	<u>9,205</u>	<u>9,284</u>

7. Dividends Paid

	2013 £000	2012 £000
On Ordinary £1 Shares:		
Interim Dividend of 19.8p Per Share (2012 - 23.0p)	<u>12,407</u>	<u>14,414</u>

8. Intangible Assets

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

	£000
Goodwill	
Cost	
At 1 January 2013	18,105
Exchange Difference	(68)
At 31 December 2013	<u>18,037</u>
Accumulated Amortisation	
At 1 January 2013	14,570
Charge for the Year	1,151
Exchange Difference	(76)
At 31 December 2013	<u>15,645</u>
Net Book Amount at 31 December 2013	<u>2,392</u>
Net Book Amount at 31 December 2012	<u>3,535</u>

9. Tangible Assets

Company

	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost			
At 1 January 2013	139	2,103	2,242
Additions	<u>57</u>	<u>6,404</u>	<u>6,461</u>
At 31 December 2013	<u>196</u>	<u>8,507</u>	<u>8,703</u>
Accumulated Depreciation			
At 1 January 2013	18	213	231
Charge for the Year	<u>18</u>	<u>464</u>	<u>482</u>
At 31 December 2013	<u>36</u>	<u>677</u>	<u>713</u>
Net Book Amount at 31 December 2013	<u>160</u>	<u>7,830</u>	<u>7,990</u>
Net Book Amount at 31 December 2012	<u>121</u>	<u>1,890</u>	<u>2,011</u>

Group

	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost			
At 1 January 2013	1,491	14,593	16,084
Additions	137	6,908	7,045
Exchange Difference	-	(431)	(431)
Disposals	<u>(155)</u>	<u>(473)</u>	<u>(628)</u>
At 31 December 2013	<u>1,473</u>	<u>20,597</u>	<u>22,070</u>
Accumulated Depreciation			
At 1 January 2013	911	9,571	10,482
Charge for the Year	183	1,536	1,719
Exchange Difference	-	(296)	(296)
Disposals	<u>(153)</u>	<u>(421)</u>	<u>(574)</u>
At 31 December 2013	<u>941</u>	<u>10,390</u>	<u>11,331</u>
Net Book Amount at 31 December 2013	<u>532</u>	<u>10,207</u>	<u>10,739</u>
Net Book Amount at 31 December 2012	<u>580</u>	<u>5,022</u>	<u>5,602</u>

10. Investments

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

	2013 £000	2012 £000
Investment in Subsidiary Undertakings	<u>164,003</u>	<u>164,003</u>
Ordinary Shares in Wholly Owned Group Undertakings:-		
Bibby Group of Factors Limited	61,850	61,850
Bibby Trade Services Limited	3,200	3,200
Bibby Asset Finance Limited	9,250	9,250
Bibby Management Services Limited	83,600	83,600
Bibby Finance 1 Limited	-	-
Bibby Finance 2 Limited	4,403	4,403
Factoring UK Group Limited	1,700	1,700
Intelligent Working Capital Limited	-	-
	<u>164,003</u>	<u>164,003</u>

Bibby Group of Factors Limited also holds the following investments:-

Bibby Debt Finance Limited
 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
 Bibby Trade Factors Limited
 Global Management Services Limited
 Bibby ACF Limited

Bibby Revolving Finance Limited

Bibby Transactional Finance Limited

Bibby Factoring Slovakia, a.s (operates in Slovak Republic)

Bibby Financial Services Australia Pty Limited (operates in Australia and New Zealand) and holds the following investment:-

Integral Collections Pty Limited (operates in Australia)

Bibby Financial Services (India) Pvt Limited (operates in India)

Bibby Invoice Discounting Limited

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)

Bibby Financial Services (Ireland) Limited (operates in the Republic of Ireland)

Bibby Financial Services (Asia) Limited (operates in Hong Kong)

Bibby Financial Services (Singapore) Pte Limited (operates in Singapore)

Bibby Financial Services A.B. (operates in Sweden)

Bibby Financial Services (Holdings), Inc. (operates in the USA) and holds the following investments:-

Bibby Financial Services (CA), Inc. (operates in the USA)

Bibby Financial Services (Midwest), Inc. (operates in the USA)

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 Trade Services Limited holds the following investment:-

Bibby Connexions S.A.S. (operates in France; ceased operations in 2011)

Bibby Asset Finance Limited holds the following investment:-

Bibby Leasing Limited

Factoring UK Group Limited holds the following investments:-

Factoring UK Limited

Cashflow UK 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 Group of Factors Limited and its subsidiaries operate as debt factors, Bibby Trade Services Limited, Bibby Connexions S.A.S. 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	
	2013	2012	2013	2012
	£000	£000	£000	£000
Net Investment in Finance Leases	-	-	37,222	28,765
Trade Debtors	-	-	1,091,822	1,017,859
Prepayments and Accrued Income	995	436	10,536	8,646
Other Debtors	457	265	1,218	1,564
Amount Owed by Ultimate Parent Undertaking	5,117	5,117	5,117	5,117
Amount Owed by Other Group Undertakings	3,555	5,169	-	426
Deferred Taxation (See Note 14)	-	-	2,499	3,513
	<u>10,124</u>	<u>10,987</u>	<u>1,148,414</u>	<u>1,065,890</u>

Net Investment in Finance Leases includes £5,990,000 (2012 - £3,484,000) due in respect of hire purchase contracts. An amount of £22,120,000 (2012 - £17,601,000) 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 £19,080,000 (2012 - £12,397,000). The aggregate rentals receivable during the year in respect of Finance Leases was £16,306,000 (2012 - £14,814,000).

12. Cash at Bank and in Hand

The Company, together with a number of its UK subsidiary undertakings, are 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	
	2013 £000	2012 £000	2013 £000	2012 £000
Amounts Falling Due Within One Year				
Trade Creditors	572	146	490,915	460,444
Bank Loans and Overdrafts	-	3,000	114,739	24,907
Amounts Owed to Other Group Undertakings	118,094	108,819	-	-
Accruals and Deferred Income	1,974	725	24,049	22,486
Other Taxation and Social Security	-	-	2,189	2,345
Deferred Tax	269	-	-	-
Corporation Tax	-	-	2,297	1,652
	<u>120,909</u>	<u>112,690</u>	<u>634,189</u>	<u>511,834</u>
Amounts Falling Due After More Than One Year				
Bank Loans and Overdrafts	<u>265</u>	<u>1,615</u>	<u>377,360</u>	<u>413,842</u>

Included in Group Bank Loans and Overdrafts is £64m, relating to the BFS Australia facility for which an extension was signed in February 2014 (see note 29).

Bank loans and overdrafts are repayable as follows:

	Parent Company		Group	
	2013 £000	2012 £000	2013 £000	2012 £000
Within One Year	-	3,000	114,739	24,907
Between One and Two Years	265	1,615	325,314	365,665
Between Two and Five Years	-	-	52,046	48,177
	<u>265</u>	<u>4,615</u>	<u>492,099</u>	<u>438,749</u>

The bank loans and overdrafts of certain factoring facilities are secured by a fixed and floating charge over the assets of the Company and its subsidiary undertakings with, however, the stipulation that in respect of the book debts the amount recoverable under this security is limited to the amount actually prepaid under client agreements. 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 £000	Group £000
As at 1 January 2013	-	3,513
Profit and Loss Account - Charge (See Note 6)	-	(920)
Exchange Difference	-	(94)
As at 31 December 2013	<u>-</u>	<u>2,499</u>

The amounts of deferred taxation recognised at rates between 13% and 38% (2012 - 19% and 38%) by the Group are as follows:

	2013 £000	2012 £000
Accelerated Depreciation	1,305	1,715
Other Timing Differences	<u>1,194</u>	<u>1,798</u>
	<u>2,499</u>	<u>3,513</u>

A deferred tax asset of £1,516,000 (2012 - £159,000) 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

	2013 £000	2012 £000
Allotted and Fully Paid: Ordinary £1 Shares	<u>62,600</u>	<u>62,600</u>

16. Reserves

	Profit and Loss Account £000
Company:	
At 1 January 2013	4,571
Profit for the Financial Year	10,790
Dividend Paid	<u>(12,407)</u>
At 31 December 2013	<u>2,954</u>
	Profit and Loss Account £000
Group:	
At 1 January 2013	90,414
Profit for the Financial Year	21,349
Dividend Paid	<u>(12,407)</u>
Currency Translation Difference on Foreign Currency Net Investment	<u>(4,723)</u>
At 31 December 2013	<u>94,633</u>

17. Movement in Shareholder's Funds

	Parent Company		Group	
	2013 £000	2012 £000	2013 £000	2012 £000
Profit for the Financial Year	10,790	11,430	21,349	24,813
Dividend Paid	<u>(12,407)</u>	<u>(14,414)</u>	<u>(12,407)</u>	<u>(14,414)</u>
	(1,617)	(2,984)	8,942	10,399
Currency Translation Differences on Foreign Currency Net Investment	-	-	<u>(4,723)</u>	<u>(1,302)</u>
(Deduction)/Addition to Shareholder's Funds	<u>(1,617)</u>	<u>(2,984)</u>	4,219	9,097
Opening Shareholder's Funds	<u>67,171</u>	<u>70,155</u>	<u>153,014</u>	<u>143,917</u>
Closing Shareholder's Funds	<u>65,554</u>	<u>67,171</u>	<u>157,233</u>	<u>153,014</u>

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

	2013 £000	2012 £000
Operating Profit	48,245	50,337
Depreciation	1,719	1,306
Amortisation of Goodwill	1,151	1,145
(Profit)/Loss on Disposal of Fixed Assets	(8)	1
Increase in Debtors	(115,199)	(35,251)
Increase/(Decrease) in Creditors	<u>45,752</u>	<u>(1,077)</u>
Net Cash (Outflow)/Inflow from Operating Activities	<u>(18,340)</u>	<u>16,461</u>

19. Reconciliation of Movement in Net Debt

	2013 £000	2012 £000
Increase/(Decrease) in Cash in the Year	3,740	(70)
Increase in Loans	<u>(66,315)</u>	<u>(30,281)</u>
Change in Net Debt from Cash Flows	(62,575)	(30,351)
Exchange Movements	<u>12,799</u>	<u>4,391</u>
Movement in Net Debt in the Year	<u>(49,776)</u>	<u>(25,960)</u>
Net Debt at 1 January	<u>(435,086)</u>	<u>(409,126)</u>
Net Debt at 31 December	<u>(484,862)</u>	<u>(435,086)</u>

20. Analysis of Net Debt

	1 January 2013 £000	Cash Flow £000	Exchange Differences £000	31 December 2013 £000
Cash at Bank and in Hand	<u>3,663</u>	<u>3,740</u>	<u>(166)</u>	<u>7,237</u>
Debt Due Within 1 year	(24,907)	(101,843)	12,011	(114,739)
Debt Due After 1 year	<u>(413,842)</u>	<u>35,528</u>	<u>954</u>	<u>(377,360)</u>
	<u>(438,749)</u>	<u>(66,315)</u>	<u>12,965</u>	<u>(492,099)</u>
	<u>(435,086)</u>	<u>(62,575)</u>	<u>12,799</u>	<u>(484,862)</u>

21. Minority Interest

	2013 £000	2012 £000
Share of loss for the year	-	(440)
Exchange Difference	-	(10)
	-	(450)
At 1 January	-	450
At 31 December	-	-

22. Directors' Emoluments

	2013 £000	2012 £000
The total emoluments were:		
Emoluments	2,790	3,033
Pension Contributions	<u>129</u>	<u>170</u>
	<u>2,919</u>	<u>3,203</u>

The emoluments, excluding pension contributions, of the Chairman were £nil (2012 - £nil) and of the highest paid Director £449,000 (2012 - £718,000).

Contributions of £129,000 (2012 - £122,000) were made in respect of six (2012 - five) 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 £nil (2012 - £nil).

23. Capital Commitments

As at 31 December 2013, the Group had no capital commitments (2012 - nil).

24. Contingent Liabilities

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

	2013 £000	2012 £000
Unpresented Letters of Credit	<u>736</u>	<u>1,951</u>

25. 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 Group is unable to identify its share of the underlying assets and liabilities of the scheme as a significant number of members who are deferred or pensioners within the Scheme relate to businesses that are no longer part of the Group. The contributions made by the Group over the financial year to this Scheme have been £nil (2012-£nil).

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 £1,857,000 (2012 - £1,095,000).

The Group has also made contributions of £30,000 (2012 - £48,000) to private money purchase pension schemes.

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £nil (2012 - £nil).

FRS17 Disclosures

As noted above and under accounting policies (see note 1) the Group participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £12,719,000 (2012 - £14,782,000) is noted. Further information on the scheme can be found in the financial statements of the ultimate parent company.

26. Operating Lease Commitments

	Parent Company		Group	
	2013 £000	2012 £000	2013 £000	2012 £000
Annual Commitments Under Operating Leases Which Expire:				
Within One Year				
Vehicles and Equipment	34	2	229	149
Land and Buildings	-	-	516	860
Within Two to Five Years				
Vehicles and Equipment	191	223	995	983
Land and Buildings	248	200	2,463	1,892
After More than Five Years				
Vehicles and Equipment	-	-	4	-
Land and Buildings	-	-	-	283
	<u>473</u>	<u>425</u>	<u>4,207</u>	<u>4,167</u>

27. Forward Contracts not Included at Fair Value

	2013 £000	2012 £000
Fair Value of Forward Foreign Exchange Contracts	<u>410</u>	<u>(90)</u>

The Group uses forward contracts to hedge its exposure to changes in foreign currency exchange rates. The fair values are based on market values of equivalent instruments at the balance sheet date.

28. Parent Undertaking

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

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

29. Events after the Balance Sheet Date

In February 2014, the bank facility for BFS Australia was increased from A\$150m to A\$200m, and extended to December 2015.

Group website address: www.bibbygroup.co.uk

Space For Reader's Notes

Space For Reader's Notes

Bibby Financial Services Limited

A global network of local companies

47 locations across 15 countries

UK

Banbury*, Basingstoke, Belfast, Birmingham, Bradford, Bristol, Edinburgh, Glasgow, Hastings, Leicester, Liverpool, London, Manchester, Slough, Sunderland, Yeadon

EUROPE

Czech Republic – Brno, Prague

**France – Aix en Provence, Lyon, Paris

Germany/Netherlands – Düsseldorf

Ireland – Dublin

Poland – Katowice, Poznan, Warsaw

Slovakia – Bratislava

Sweden – Stockholm

NORTH AMERICA

Canada – Montreal, Toronto

USA – Atlanta, Boynton Beach, Chicago, Los Angeles, Nashville, New York, Phoenix

ASIA PACIFIC

Australia – Adelaide, Brisbane, Melbourne, Perth, Sydney

India – Gurgaon, Mumbai

Hong Kong

New Zealand – Auckland

Singapore

*Bibby Factors International, Bibby Trade Services, Bibby Factors

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

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