

Registration number: 04918173

# Bibby Factors Yorkshire Limited

Annual Report and Unaudited Financial Statements

for the Year Ended 31 December 2017

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## **Bibby Factors Yorkshire Limited**

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## **Bibby Factors Yorkshire Limited**

### **Directors' Report for the Year Ended 31 December 2017**

The Directors present their report and the financial statements for the year ended 31 December 2017.

#### **Directors of the Company**

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

Ian Downing

Deborah Lorraine Johnson (appointed 1 June 2017)

Sharon Ann Wiltshire (appointed 1 June 2017)

Mary Bernadette Sharp (resigned 1 June 2017)

Edward James Winterton (resigned 1 June 2017)

#### **Directors' liabilities**

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

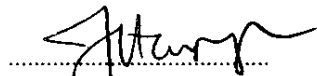
#### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies statement in the Notes to the Financial Statements.

#### **Small companies provision statement**

This report has been prepared in accordance with the Small Companies Regime under the Companies Act 2006.

Approved by the Board on 31 May 2018 and signed on its behalf by:



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

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

## **Bibby Factors Yorkshire Limited**

### **Directors' Responsibilities Statement**

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

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

- select suitable accounting policies and apply them consistently;*
- make judgements and accounting estimates that are reasonable and prudent; and*
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.*

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

## Bibby Factors Yorkshire Limited

### Statement of Income and Retained Earnings for the Year Ended 31 December 2017

	Note	2017 £	2016 £
Turnover		6,045,990	5,428,020
Cost of sales		<u>(2,664,832)</u>	<u>(2,042,076)</u>
Operating profit	3	3,381,158	3,385,944
Interest payable and similar charges	5	<u>(552,369)</u>	<u>(352,495)</u>
Profit before tax		2,828,789	3,033,449
Taxation	6	<u>-</u>	<u>(613,690)</u>
Profit for the financial year		2,828,789	2,419,759
Retained earnings brought forward		1,259,885	4,458,126
Dividends paid		<u>(3,430,000)</u>	<u>(5,618,000)</u>
Retained earnings carried forward		<u><u>658,674</u></u>	<u><u>1,259,885</u></u>

The notes on pages 5 to 12 form an integral part of these financial statements.

**Bibby Factors Yorkshire Limited**  
**(Registration number: 04918173)**  
**Balance Sheet as at 31 December 2017**

	Note	2017 £	2016 £
<b>Current assets</b>			
Debtors	8	27,011,997	33,275,277
Cash at bank and in hand	9	88,431	279,612
		27,100,428	33,554,889
<b>Creditors: Amounts falling due within one year</b>	10	(24,691,754)	(30,545,004)
<b>Net assets</b>		<u>2,408,674</u>	<u>3,009,885</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,750,000	1,750,000
Retained earnings		658,674	1,259,885
<b>Shareholders' funds</b>		<u>2,408,674</u>	<u>3,009,885</u>


The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

For the financial year ending 31 December 2017 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**Directors' responsibilities:**

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved and authorised by the Board on 31 May 2018 and signed on its behalf by:

  
 .....  
 Ian Downing  
 Director

## **Bibby Factors Yorkshire Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017**

#### **1 General information**

Bibby Factors Yorkshire Limited is a private company limited by shares and incorporated in England, registration number 04918173. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ.

The Company is a wholly-owned subsidiary of Bibby Invoice Finance Limited who is parent of the smallest group for which consolidated financial statements are drawn up of which the Company is a member. The parent company's registered office is 105 Duke Street, Liverpool, L1 5JQ.

These financial statements were authorised for issue by the Board on 31 May 2018.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Statement of compliance**

The financial statements have been prepared in accordance with the small entities regimes of both the Companies Act 2006 and FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland'.

##### **Basis of preparation**

The financial statements have been prepared under the historical cost convention except for any derivative financial instruments which are stated at their fair values.

The primary economic environment in which the Company operates is governed by the Great British Pound, and as such the company financial statements have been prepared in this currency.

##### **Going concern**

The financial statements are prepared on a going concern basis.

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

Based on this assessment, the Directors consider that the Company maintains an appropriate level of capital and liquidity, sufficient to meet the demands of the business and the requirements which might arise in stressed circumstances. Its securitisation arrangements provide a borrowing facility to supplement liquidity.

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

## **Bibby Factors Yorkshire Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **2 Accounting policies (continued)**

##### **Revenue recognition**

Turnover represents service, discount and other charges to client, net of value added tax.

Service and other income is measured at the fair value of consideration received or receivable and is recognised when services are delivered, and when it is probable that future economic benefits will flow to the entity.

Discount income on financial assets that are classified as loans and receivables within trade debtors is 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 interest income over the expected life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instruments initial carrying amount.

##### **Foreign currency transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rate prevailing at the date the transaction took place. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the closing rate at the reporting date and any exchange difference is included in profit or loss.

##### **Operating leases**

Operating lease rentals are charged to profit or loss on a straight line basis over the lease term.

##### **Tax**

Tax for the period comprises current tax and deferred tax.

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

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

##### **Tangible assets**

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

<b>Asset class</b>	<b>Depreciation method and rate</b>
Furniture, fittings and equipment	20% - 33.33%

##### **Financial instruments**

The Company has considered the provisions of FRS 102 Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' when accounting for its financial instruments.



## **Bibby Factors Yorkshire Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **2 Accounting policies (continued)**

##### **Classification**

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

Financial asset and liability debt instruments are classified as basic financial instruments where they meet all of the following conditions:

(A) Returns to the holder are (i) a fixed amount, or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive;

(B) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods;

(C) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect: (i) the holder against the credit deterioration of the issuer, or a change in control of the issuer; or (ii) the holder or issuer against changes in relevant taxation or law; and

(D) There are no conditional returns or repayment provisions except for the variable rate return described in (A) and prepayment provisions described in (C).

##### **Recognition and measurement**

Financial assets, classified as basic financial instruments are cash and cash equivalents and trade and other debtors. Financial liabilities, classified as basic financial instruments are trade and other creditors, including loans and borrowings. All specific recognition and measurement policies of each component are presented in the individual policies below.

Equity instruments are classified in accordance with the substance of the contractual agreement. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

##### **Impairment of financial assets**

The Company assesses whether there is objective evidence that any trade or other debtor may be impaired. A provision for impairment is established when the objective evidence that the Company will not be able to collect all amounts due according to the original terms of the debtor. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised immediately in profit or loss.

##### **Cash at bank and in hand**

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

## **Bibby Factors Yorkshire Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **2 Accounting policies (continued)**

##### **Trade debtors**

Trade debtors represent debts assigned under factoring agreements, net of impairment provisions and deferred assignment consideration owed to factoring clients where there is a full right of recourse.

When debts are assigned, the Group obtains full ownership rights of the invoice, the economic rewards and risk. Trade debtors are recognised initially at the transaction price less deferred assignment consideration owed to full-recourse clients. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

##### **Trade creditors**

Trade creditors are deferred assignment consideration owed to factoring clients where there is not a full right of recourse, and obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if the Company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost.

##### **Borrowings**

The Company securitises its debts by selling debts assigned to an issuing party, who using the invoices as security, borrows funds from third party investors, by issuing variable funding notes to those investors.

Under securitisation, in economic substance the trade debtors accounting policy is unchanged. Although debts are assigned to the issuing party to enable funding, the Company retains the economic reward and risk of the debtor. With debtors remaining recognised, securitisation funding is reported as a loan. Securitisation is facilitated through a parent company master seller and resulting funding provided to the Company is reported within amounts owed to group undertakings.

Associated interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

##### **Share capital**

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

##### **Retirement benefits**

The Company pays contributions to other publicly or privately administered defined contribution pension insurance plans on a contractual basis. The amounts that become payable during the financial year are recognised in profit or loss. Differences between contributions payable during the financial year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### **Critical accounting policies**

The critical judgement that the Directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in financial statements is within the impairment of financial assets. In considering indications of impairment the Directors consider a number of qualitative and quantitative factors including but not limited to: client advance ratios; client recourse arrangements; receivables lending verification coverage; ordinary client commercial variation risk impacting on receivables measurement; valuation of client security; general debtor days, and other market led intelligence.

## **Bibby Factors Yorkshire Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)**

#### **3 Operating profit**

Arrived at after charging:

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Impairment charge on financial assets	409,726	30,651
Operating lease expense	<u>82,661</u>	<u>101,980</u>

#### **4 Staff costs**

The average number of persons employed by the Company during the year, analysed by category was as follows:

	<b>2017</b>	<b>2016</b>
	<b>No.</b>	<b>No.</b>
Administration and support	<u>29</u>	<u>27</u>

#### **5 Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Bank interest payable	-	642
Interest payable on loans from group undertakings	<u>552,369</u>	<u>351,853</u>
	<u>552,369</u>	<u>352,495</u>

## Bibby Factors Yorkshire Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 6 Taxation

Tax charged

	2017 £	2016 £
<b>Current taxation</b>		
UK corporation tax	-	606,690
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	-	7,000
<b>Total tax charge for the year</b>	<u>-</u>	<u>613,690</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 19% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Profit before tax	<u>2,828,789</u>	<u>3,033,449</u>
Corporation tax at standard rate	537,470	606,690
Claims to United Kingdom group loss relief surrendered by other subsidiaries of the ultimate parent undertaking	(537,470)	-
Other tax effects for reconciliation between accounting profit and taxable income	-	7,000
<b>Total tax charge for the year</b>	<u>-</u>	<u>613,690</u>

## Bibby Factors Yorkshire Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 7 Tangible assets

	Furniture, fittings and equipment £
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	281,794
<b>Depreciation</b>	
At 1 January 2017 and 31 December 2017	<u>281,794</u>
<b>Carrying amount</b>	
At 31 December 2017 and 31 December 2016	<u><u>-</u></u>

#### 8 Debtors

	2017 £	2016 £
Trade debtors	26,914,660	33,169,026
Other debtors	<u>97,337</u>	<u>106,251</u>
	<u>27,011,997</u>	<u>33,275,277</u>

	2017 £	2016 £
Assigned debts receivable net of impairment	38,581,922	45,587,255
Less deferred assignment consideration owed to factoring clients where there is a full right of recourse	<u>(11,667,262)</u>	<u>(12,418,229)</u>
Total trade debtors	<u>26,914,660</u>	<u>33,169,026</u>

#### 9 Cash at bank and in hand

	2017 £	2016 £
Cash at bank	<u>88,431</u>	<u>279,612</u>

## Bibby Factors Yorkshire Limited

### Notes to the Financial Statements for the Year Ended 31 December 2017 (continued)

#### 10 Creditors

	2017 £	2016 £
<b>Due within one year</b>		
Bank overdrafts	286,139	109,745
Trade creditors	4,926,650	5,151,145
Amounts due to group undertakings	19,105,766	24,284,917
Social security and other taxes	185,955	150,659
Corporation tax	-	606,690
Accrued expenses	187,244	241,848
	<u>24,691,754</u>	<u>30,545,004</u>

The Company is party to a composite Group accounting structure agreement with one of their bankers. The agreement treats all bank accounts included in the agreement as one account. Positive cash balances are reported within cash and negative balances are reported within creditors, in the balance sheet.

#### 11 Called up share capital

##### Allotted, called up and fully paid shares

	2017		2016
	No.	£	No.      £
Ordinary shares of £1 each	<u>1,750,000</u>	<u>1,750,000</u>	<u>1,750,000      1,750,000</u>

#### 12 Obligations under operating leases

##### Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	23,241	90,644
Later than one year and not later than five years	7,412	28,221
	<u>30,653</u>	<u>118,865</u>

#### 13 Related party transactions

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