

# Annual Review 2010



A global network of local companies

**BIBBY**  
FINANCIAL SERVICES



# Contents

1	Global Chief Executive's Statement
2-3	2010 Business Review & Directors' Report
4	Independent Auditor's Report
5	Group Profit and Loss Account Statement of Total Group Recognised Gains and Losses
6	Balance Sheets
7	Group Cash Flow Statement
8-18	Notes to the Financial Statements

## **Ultimate Parent Undertaking**

Bibby Line Group Limited

## **Directors**

Sir Michael Bibby, Bt. *Chairman*

David Albert Robertson *Global Chief Executive*

Jonathan Haymer

Mark John Cleaver

Mark Timothy Hartigan

Edward John Rimmer

Diane Blinkhorn

Ian Watson

Steven Potter

## **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**



2010 was a spectacular year for the Bibby Financial Services Group as we continued to do well worldwide in a difficult trading environment. Our platform for success was built upon the operational improvements implemented in 2009 and our commitment to taking on the challenge of recession. This has seen us increase our footprint, push into new markets, develop new products and grow our profit before tax by 84% to £34.3 million in 2010. New business has contributed an impressive 25% to this figure and helped us surpass our 5,000 client number milestone, translating into £5.8 billion of debts factored. We leave 2010 with all regions trading at a profit and with most companies now contributing positively to our bottom line for the very first time.

Our North American business is moving forward decisively and is trading positively in one of the world's worst recession hit economies. Significant savings were engineered within the USA cost base, contributing to a profit before tax of US\$1.9 million, which translates to £1.25 million within the UK consolidation. Europe with its diverse mix of cultures and economic profiles is also beginning to record profits and in the final quarter of 2010 took on 260 deals. Poland and Ireland have been key drivers in this success story and we look to Germany for similar results in 2011. The Asia Pacific region is now enhanced by the presence of our Hong Kong office, poised to act as a conduit for trade between the emerging Chinese economy, the USA and Europe.



*David Robertson with the team at the new Hong Kong office*

The Asia Pacific region, as a whole, met budget and made an impressive £3.9 million in profit before tax. Historically, the UK business has been the engine room of the group, not simply in terms of profitability but as the proving ground for many of the improvements and product offerings that have later been rolled out globally. Our well-embedded operational improvements, coupled with an outstanding performance saw the UK return a record profit before tax of £27.3 million, within a challenging market.

In terms of expansion, the Group's approach to increasing its footprint remains ambitious but tempered by a desire to strengthen and augment its existing businesses. In addition to the opening of our new Hong Kong office as a strategic adjunct to existing markets, the Group also acquired Kopparberg Finans

based in Sweden. The Swedish market is vibrant, enjoys a good payment culture and presents opportunities for growth against a background of caution from native Nordic lenders. At home, the UK business secured the portfolio of Aston Rothbury, providing continuity and improved services for their client base whilst increasing our market share.



*The team at Kopparberg Finans, Sweden*

Whilst we enjoy the challenges of operating within a global environment and recognise and encourage empowerment and cultural diversity, much work has been done in 2010 to establish shared core values. 'Being Bibby' was the banner under which these were launched and rolled out across the world. 'Being Bibby' defines our people, our practices and is the measure and method by which we will succeed as a 'family'. These values are intended to reflect who we are, **powered by people who put customers first**. We have **positive energy** and are **ambitiously challenging** and, most importantly, **we work as a family**.



Finally, 2011 brings with it the excellent news that our business has been positioned in the 'The Sunday Times Top 100 Best Companies to Work For' – a prestigious benchmarking which we can all be proud to celebrate. This outstanding achievement, coupled with our financial results for the last year, demonstrate the commitment of our teams around the world. I would therefore like to thank everyone for their hard work and devotion in driving the Group forward and exceeding our ambitions in 2010.



**David Robertson** *Global Chief Executive*

## 2010 Business Review & Directors' Report

The directors present their report together with the audited financial statements for the year ended 31 December 2010.

### Business Review and Principal Activities

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 Group's principal activities continue to be factoring, invoice discounting, trade finance and asset finance operating in Europe, North America and Asia-Pacific. There have not been any 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 2011.

In November 2010 the Group acquired the entire issued share capital of Kopparberg Finans A.B., a factoring company based in Sweden. Also in 2010 the Group set up operations in Hong Kong and commenced trading in late 2010. The Group continues to seek further investment opportunities in existing and new business areas with a view to continuing its policy of expansion.

As shown in the profit and loss account, the Group's turnover has increased by 18.5% from £115.0 million in 2009 to £136.3 million in 2010 and profit after tax has increased by 88.5% from £13.9 million to £26.2 million. The major factor resulting in the increase in profit after tax was the increase in turnover in the year. The Group's turnover was higher than in 2009 because there was a material increase in the amount of debts factored by the Group.

The balance sheet within these financial statements shows that the Group's shareholder's funds at the year end, and the significant movement from the previous financial year, is mainly attributable to the profit of £19.2 million retained by the Group.

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.

### 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.

### 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.

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, the business was able to extend until 2014 its main £340 million facility with a consortium led by Barclays Bank Plc. This gives us the confidence to pursue our 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 in the past entered into derivative contracts. These were entered into after significant review by the directors of the effectiveness of the derivatives to reduce the Group's cost of borrowing.

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 defined benefit scheme and 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. It is the Group's policy to promote the understanding and involvement of all employees in its business aims and performance.

### Dividends

An interim dividend of £6,935,000 (11.1 pence per share) was paid during the year (2009 - £7,254,000; 11.6 pence per share).

### 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.

### Directors

The directors who served during the year and thereafter were:  
 Sir Michael Bibby, Bt. – Chairman  
 David Albert Robertson – Global Chief Executive  
 Jonathan Haymer  
 Mark John Cleaver  
 Steven Potter - appointed 5 May 2010  
 Mark Timothy Hartigan  
 Edward John Rimmer  
 Diane Blinkhorn  
 Ian Watson - appointed 3 March 2010  
 Stewart Brian Chesters – resigned 31 March 2010  
 Gregory Wayne Charlwood – resigned 3 March 2010

### 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 parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its 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

There have been no material subsequent events since the balance sheet date requiring disclosure in these 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.

By order of the Board

Bibby Bros. & Co. (Management) Limited  
 31 March 2011

## 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 2010 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 28. 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.

### 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 2010 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 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

31 March 2011

### Group Profit and Loss Account

year ended 31 December 2010

	Note	2010 £000	2009 £000
Turnover	2	136,289	114,978
Operating Costs		<u>(93,267)</u>	<u>(89,733)</u>
Operating Profit		43,022	25,245
Interest Receivable	3	811	1,251
Interest Payable and Similar Charges	4	<u>(9,576)</u>	<u>(7,915)</u>
Profit on Ordinary Activities Before Taxation	2, 5	34,257	18,581
Taxation	6	<u>(8,091)</u>	<u>(4,699)</u>
Profit for the Financial Year	16, 17	<u><u>26,166</u></u>	<u><u>13,882</u></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 £5,607,000 (2009 - £4,410,000).

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 2010

	Note	2010 £000	2009 £000
Profit for the Financial Year	16, 17	26,166	13,882
Currency Translation Difference on Foreign Currency Net Investment	16, 17	<u>2,116</u>	<u>(1,120)</u>
Total Recognised Gains Relating to the Year		<u><u>28,282</u></u>	<u><u>12,762</u></u>

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

**Balance Sheets**

as at 31 December 2010

	Note	Parent Company		Group	
		2010 £000	2009 £000	2010 £000	2009 £000
<b>Fixed Assets:</b>					
Intangible Assets	8	-	-	7,703	9,394
Tangible Assets	9	1	2	2,510	2,755
Investments	10	146,000	146,000	-	-
		<u>146,001</u>	<u>146,002</u>	<u>10,213</u>	<u>12,149</u>
<b>Current Assets:</b>					
Debtors	11	18,589	17,120	915,213	790,626
Cash at Bank and in Hand	12	4,926	4,132	5,525	5,304
		23,515	21,252	920,738	795,930
<b>Creditors</b> (Amounts Falling Due Within One Year)	13	(95,680)	(86,633)	(467,299)	(476,042)
<b>Net Current (Liabilities)/Assets</b>		<u>(72,165)</u>	<u>(65,381)</u>	<u>453,439</u>	<u>319,888</u>
<b>Total Assets Less Current Liabilities</b>		<u>73,836</u>	<u>80,621</u>	<u>463,652</u>	<u>332,037</u>
<b>Creditors</b> (Amounts Falling Due After More Than One year)	13	9,506	14,963	333,251	222,987
<b>Capital and Other Reserves:</b>					
Called-Up Share Capital	15	62,600	62,600	62,600	62,600
Profit and Loss Account	16	1,730	3,058	67,730	46,383
<b>Equity Shareholder's Funds</b>	2, 17	<u>64,330</u>	<u>65,658</u>	<u>130,330</u>	<u>108,983</u>
Minority interest		-	-	71	67
		<u>73,836</u>	<u>80,621</u>	<u>463,652</u>	<u>332,037</u>

Company registration number: 03530461

Approved by the Board on 31 March 2011

D. A. ROBERTSON  
Director

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

## Group Cash Flow Statement

year ended 31 December 2010

	Note	2010		2009	
		£000	£000	£000	£000
<b>Net Cash (Outflow)/Inflow from Operating Activities</b>	19		(15,150)		66,490
<b>Returns on Investments and Servicing of Finance:</b>					
Interest Received		1,709		732	
Interest Paid		<u>(10,313)</u>		<u>(13,297)</u>	
			(8,604)		(12,565)
<b>Taxation:</b>					
UK Tax Paid		(5,100)		(2,139)	
UK Tax Refunded		2,673		2,837	
Foreign Tax Paid		<u>(839)</u>		<u>(924)</u>	
			(3,266)		(226)
<b>Capital Expenditure and Financial Investment:</b>					
Purchase of Tangible Fixed Assets		(961)		(1,653)	
Sale of Tangible Fixed Assets		<u>93</u>		<u>176</u>	
			(868)		(1,477)
<b>Acquisitions and Disposals:</b>					
Purchase of Subsidiary		(616)		-	
Purchase of the Assets of a Business		-		(2,077)	
Net Cash Acquired with a Business		6		98	
Deferred Consideration Paid		<u>(100)</u>		<u>(100)</u>	
			(710)		(2,079)
<b>Equity Dividends Paid</b>			<u>(6,935)</u>		<u>(7,254)</u>
Cash (Outflow)/Inflow Before Financing			(35,533)		42,889
<b>Financing:</b>					
New Loans		65,375		5,063	
Repayments of Amounts Borrowed		<u>(29,650)</u>		<u>(56,335)</u>	
			35,725		(51,272)
Increase/(Decrease) in Cash	20, 21		<u>192</u>		<u>(8,383)</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

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.

#### 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 2010 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 by 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 4 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

	2010	2009
	£000	£000
<b>Turnover</b>		
United Kingdom	88,291	77,750
Rest of Europe	12,539	10,112
North America	18,721	16,006
Asia / Pacific	<u>16,738</u>	<u>11,110</u>
	<u>136,289</u>	<u>114,978</u>
	2010	2009
	£000	£000
<b>Profit on Ordinary Activities Before Taxation</b>		
United Kingdom	27,320	19,905
Rest of Europe	1,837	(84)
North America	1,250	(2,803)
Asia / Pacific	<u>3,850</u>	<u>1,563</u>
	<u>34,257</u>	<u>18,581</u>
	2010	2009
	£000	£000
<b>Equity Shareholder's Funds</b>		
United Kingdom	84,654	75,477
Rest of Europe	19,001	16,058
North America	9,546	8,335
Asia / Pacific	<u>17,129</u>	<u>9,113</u>
	<u>130,330</u>	<u>108,983</u>

Gross debts factored and transactions financed during the year were £5,813m (2009 - £4,656m).

## 3. Interest Receivable

	2010	2009
	£000	£000
Bank Interest Receivable and Similar Income	<u>811</u>	<u>1,251</u>

## 4. Interest Payable and Similar Charges

	2010	2009
	£000	£000
On Bank Loans and Overdrafts	<u>9,576</u>	<u>7,915</u>

## 5. Profit on Ordinary Activities After Exceptional Items and Before Taxation

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

	2010 £000	2009 £000
Staff Costs:		
Wages and Salaries	36,570	32,793
Social Security Costs	2,692	2,436
Pension Costs	1,265	1,205
Depreciation	1,209	1,230
Interest Received Under a Currency Swap	(339)	(1,584)
Amortisation of Goodwill	2,183	1,864
Hire of Plant and Equipment	638	582
Profit on Disposal of Fixed Assets	(3)	(9)
Rental of Property	2,761	2,501
Auditor's Remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	1	1
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	252	223
Other Services - Taxation and Other Advisory Services	80	165
	<u>          </u>	<u>          </u>

## Particulars of Employees

	2010	2009
The average number of persons employed during the year was	<u>908</u>	<u>868</u>

## 6. Taxation

	2010 £000	2009 £000
Foreign Tax Charge	2,662	1,499
Adjustment for Prior Year Taxes	(1,603)	(681)
Group Relief Payable/UK tax payable	<u>6,122</u>	<u>4,443</u>
Current Tax Charge for the Year	<u>7,181</u>	<u>5,261</u>
Deferred Tax Charge/(Credit) (See Note 14)		
Current Year Charge/(Credit)	910	(562)
	<u>910</u>	<u>(562)</u>
	<u>8,091</u>	<u>4,699</u>

The current tax charge, excluding deferred tax, is lower (2009 - 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.

	2010 £000	2009 £000
Profit on Ordinary Activities Before Taxation	<u>34,257</u>	<u>18,581</u>
Current Tax at 28% (2009 - 28%)	9,592	5,203
Difference between Capital Allowances and Depreciation	(1,093)	12
Other Timing Differences	236	551
Expenses not Deductible for Tax Purposes	972	14
Adjustment in Respect of Previous Periods	(1,603)	(681)
Effect of Foreign Rates of Tax	37	(250)
Non-utilisation of Foreign Subsidiaries' Tax Losses	-	1,316
Utilisation of Tax Losses	<u>(960)</u>	<u>(904)</u>
Current Tax Charge for the Year	<u>7,181</u>	<u>5,261</u>

## 7. Dividends Paid

	2010 £000	2009 £000
<b>On Ordinary £1 Shares:</b>		
Interim dividend of 11.1p Per Share (2009 - 11.6p)	<u>6,935</u>	<u>7,254</u>

## 8. Intangible Assets

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

	£000
<b>Goodwill</b>	
Cost	
At 1 January 2010	18,243
Additions (see note 18)	385
Exchange Difference	138
At 31 December 2010	<u>18,766</u>
Accumulated Amortisation	
At 1 January 2010	8,849
Charge for the Year	2,183
Exchange Difference	31
At 31 December 2010	<u>11,063</u>
Net Book Amount at 31 December 2010	<u>7,703</u>
Net Book Amount at 31 December 2009	<u>9,394</u>

## 9. Tangible Assets

The company has no significant tangible assets. The net book value of office equipment is less than £1,000 as at 31 December 2010 (less than £2,000 as at 31 December 2009). Details of those relating to the Group are as follows.

	Leasehold Improvements £000	Office Equipment £000	Total £000
Cost			
At 1 January 2010	809	9,654	10,463
Additions	91	870	961
On Acquisition	-	2	2
Exchange Difference	-	257	257
Disposals	(5)	(249)	(254)
At 31 December 2010	<u>895</u>	<u>10,534</u>	<u>11,429</u>
Accumulated Depreciation			
At 1 January 2010	528	7,180	7,708
Charge for the Year	105	1,104	1,209
Exchange Difference	-	166	166
Disposals	(14)	(150)	(164)
At 31 December 2010	<u>619</u>	<u>8,300</u>	<u>8,919</u>
Net Book Amount at 31 December 2010	<u>276</u>	<u>2,234</u>	<u>2,510</u>
Net Book Amount at 31 December 2009	<u>281</u>	<u>2,474</u>	<u>2,755</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.

	2010 £000	2009 £000
Investment in Subsidiary Undertakings	<u>146,000</u>	<u>146,000</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	-	-
Bibby Finance 1 Limited	70,000	70,000
Bibby Finance 2 Limited	-	-
Factoring UK Group Limited	1,700	1,700
	<u>146,000</u>	<u>146,000</u>

## 10. Investments (continued)

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 Factoring Slovakia, a.s (operates in Slovak Republic)  
 Bibby Financial Services Australia 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 A.B. (formerly Kopparberg Finans 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 - formerly Bibby Purchase Order Finance, Inc.)  
     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)

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	
	2010 £000	2009 £000	2010 £000	2009 £000
Net Investment in Finance Leases	-	-	30,360	29,747
Trade Debtors	-	-	866,514	741,058
Prepayments and Accrued Income	190	271	7,984	9,340
Other Debtors	431	3,488	1,705	996
Amount Owed by Ultimate Parent Undertaking	5,117	5,117	5,289	5,295
Amount Owed by Other Group Undertakings	12,851	8,244	53	33
Deferred Taxation (See Note 14)	-	-	3,308	4,157
	<u>18,589</u>	<u>17,120</u>	<u>915,213</u>	<u>790,626</u>

Net Investment in Finance Leases includes £2,747,000 (2009 - £4,108,000) due in respect of hire purchase contracts. An amount of £19,030,000 (2009 - £19,515,000) 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 £12,618,000 (2009 - £9,423,000). The aggregate rentals receivable during the year in respect of Finance Leases was £1,601,000 (2009 - £1,164,000).

## 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	
	2010 £000	2009 £000	2010 £000	2009 £000
<b>Amounts Falling Due Within One Year</b>				
Trade Creditors	138	11	410,801	362,738
Amount Owed to Ultimate Parent Undertaking	-	-	10	-
Bank Loans and Overdrafts	6,000	6,000	28,861	93,589
Amounts Owed to Other Group Undertakings	86,781	79,022	-	-
Accruals and Deferred Income	2,761	1,600	21,580	17,245
Other Taxation and Social Security	-	-	1,756	1,805
Corporation Tax	-	-	4,291	665
	<u>95,680</u>	<u>86,633</u>	<u>467,299</u>	<u>476,042</u>
<b>Amounts Falling Due After More Than One Year</b>				
Bank Loans and Overdrafts	9,506	14,963	333,151	222,787
Accruals and Deferred Income	-	-	100	200
	<u>9,506</u>	<u>14,963</u>	<u>333,251</u>	<u>222,987</u>

Bank loans and overdrafts are repayable as follows:

	Parent Company		Group	
	2010 £000	2009 £000	2010 £000	2009 £000
Within One Year	6,000	6,000	28,861	93,589
Between One and Two Years	6,000	6,000	107,647	6,000
Between Two and Five Years	3,506	8,963	225,504	216,787
	<u>15,506</u>	<u>20,963</u>	<u>362,012</u>	<u>316,376</u>

## 13. Creditors (continued)

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 2010	-	4,157
Profit and Loss Account - Credit (See Note 6)	-	(910)
Exchange Difference	-	61
As at 31 December 2010	<u>-</u>	<u>3,308</u>

The amounts of deferred taxation recognised at rates between 19% and 38% (2009 - 19% and 38%) by the Group are as follows:

	2010 £000	2009 £000
Accelerated Depreciation	1,466	2,607
Other Timing Differences	1,842	1,550
	<u>3,308</u>	<u>4,157</u>

A deferred tax asset of £1,637,000 (2009 - £1,127,000) 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

	2010 £000	2009 £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 2010	3,058
Profit for the Financial Year	5,607
Dividend paid	(6,935)
At 31 December 2010	<u>1,730</u>
Group:	
At 1 January 2010	46,383
Profit for the Financial Year	26,166
Dividend paid	(6,935)
Currency Translation Difference on Foreign Currency Net Investment	2,116
At 31 December 2010	<u>67,730</u>

## 17. Movement in Equity Shareholder's Funds

	Parent Company		Group	
	2010 £000	2009 £000	2010 £000	2009 £000
Profit for the Year	5,607	4,410	26,166	13,882
Dividend paid	(6,935)	(7,254)	(6,935)	(7,254)
	(1,328)	(2,844)	19,231	6,628
Currency Translation Differences on Foreign Currency Net Investment	-	-	2,116	(1,120)
Net (Deduction)/Addition to Equity Shareholder's Funds	(1,328)	(2,844)	21,347	5,508
Opening Equity Shareholder's Funds	65,658	68,502	108,983	103,475
Closing Equity Shareholder's Funds	<u>64,330</u>	<u>65,658</u>	<u>130,330</u>	<u>108,983</u>

## 18. Acquisitions

On 12 November 2010 the Group acquired the entire share capital of Kopparberg Finans A.B. which operates as a factoring company based in Sweden. On 2 March 2011, Kopparberg Finans A.B. changed its name to Bibby Financial Services A.B. The provisional fair value and book values of the assets and liabilities acquired are set out below:

	Book Value £000	Provisional Fair Value £000
Debtors	1,206	1,206
Cash	6	6
Loans	(831)	(831)
Creditors	(152)	(152)
Fixed assets	2	2
	<u>231</u>	<u>231</u>
Goodwill		385
Satisfied by Cash		<u>616</u>

As the acquisition took place on 12 November 2010, post-acquisition information relating to the contribution to the Group's profit after tax and turnover has not been presented as these amounts are not deemed material to the financial statements.

## 19. Reconciliation of Operating Profit to Net Cash Flow from Operating Activities

	2010 £000	2009 £000
<b>Operating Profit</b>	43,022	25,245
Depreciation	1,209	1,230
Amortisation of Goodwill	2,183	1,864
Amortisation of Government Grant	-	(3)
Profit on disposal of Fixed Assets	(3)	(9)
(Increase)/Decrease in Debtors	(105,540)	41,115
Increase/(Decrease) in Creditors	43,979	(2,952)
Net Cash (Outflow)/Inflow from Operating Activities	<u>(15,150)</u>	<u>66,490</u>

## 20. Reconciliation of Movement in Net Debt

	2010 £000	2009 £000
Increase/(Decrease) in Cash in the Year	192	(8,383)
Acquisitions	(831)	(645)
Increase/(Decrease) in Loans	<u>(35,725)</u>	<u>51,272</u>
<b>Change in Net Debt from Cash Flows</b>	<u>(36,364)</u>	<u>42,244</u>
Exchange Movements	(9,051)	808
Movement in Net Debt in the Year	(45,415)	43,052
Net Debt at 1 January	(311,072)	(354,124)
<b>Net Debt at 31 December</b>	<u>(356,487)</u>	<u>(311,072)</u>

## 21. Analysis of Net Debt

	1 January 2010 £000	Cash Flow £000	Acquisitions £000	Exchange Differences £000	31 December 2010 £000
Cash at Bank and in Hand	5,304	192	-	29	5,525
Debt Due Within 1 year	(93,589)	65,769	(831)	(210)	(28,861)
Debt Due After 1 year	(222,787)	(101,494)	-	(8,870)	(333,151)
	(316,376)	(35,725)	(831)	(9,080)	(362,012)
	<u>(311,072)</u>	<u>(35,533)</u>	<u>(831)</u>	<u>(9,051)</u>	<u>(356,487)</u>

## 22. Directors' Emoluments

	2010 £000	2009 £000
The total emoluments were:		
Emoluments	1,485	2,170
Pension Contributions	145	143
	<u>1,630</u>	<u>2,313</u>

The emoluments, excluding pension contributions, of the Chairman were £nil (2009 - £nil) and of the highest paid Director £677,000 (2009 - £871,000).

Contributions of £61,000 (2009 - £48,000) were made in respect of three (2009 - three) of the Group's Directors to a defined benefit pension scheme. In addition, contributions of £84,000 (2009 - £95,000) were made in respect of four (2009 - four) 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 £54,000 (2009 - £13,000).

## 23. Capital Commitments

As at 31 December 2010, the Group had no capital commitments (2009 - 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.

	2010 £000	2009 £000
Group Guarantees	200	200
Unpresented Letters of Credit	1,397	2,102
	<u>1,597</u>	<u>2,302</u>

## 25. Pension Costs

The Group participates 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. 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 £362,000 (2009 - £350,000), equivalent to 18.4% (2009 - 18.4%) of pensionable pay.

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 £367,000 (2009 - £322,000).

The Group has also made contributions of £78,000 (2009 - £76,000) to private money purchase pension schemes.

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £nil (2009 - £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 £10,020,000 (2009 - £12,806,000) 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	
	2010 £000	2009 £000	2010 £000	2009 £000
Annual Commitments Under Operating Leases Which Expire:				
Within One Year				
Vehicles and Equipment	12	10	393	112
Land and Buildings	-	-	519	196
Within Two to Five Years				
Vehicles and Equipment	26	29	351	368
Land and Buildings	-	-	772	1,095
After more than Five Years				
Land and Buildings	-	-	418	192
	<u>38</u>	<u>39</u>	<u>2,453</u>	<u>1,963</u>

## 27. Forward Contracts not Included at Fair Value

	2010 £000	2009 £000
Fair value of forward foreign exchange contracts	<u>20</u>	<u>-</u>

The Group uses forward contracts to hedge its exposure to changes in foreign currency exchange rates and to manage its exposure to interest rate movements on its bank borrowings. 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.

Group website address: [www.bibbygroup.co.uk](http://www.bibbygroup.co.uk)

**Space For Reader's Notes**

**Space For Reader's Notes**

# Bibby Financial Services Ltd

A global network of local companies



44 companies across 13 countries

**UK:** Edinburgh, Sunderland, Yorkshire, Leeds, Liverpool, Manchester, Leicester, Slough, Bristol, Hastings, Banbury\*, Basingstoke, Eastbourne

**Europe:** Ireland - *Dublin*, France - *Lyon, Paris, Aix en Provence*, Poland - *Warsaw, Katowice, Poznan*, Czech Republic - *Brno*, Slovakia - *Bratislava*, Germany - *Düsseldorf*, Sweden - *Kopparberg*

**North America:** Atlanta, Chicago, Los Angeles, Nashville **Canada:** Toronto

**Asia Pacific:** India - *Gurgaon*, Australia - *Sydney, Brisbane, Melbourne*, Hong Kong - *Hong Kong*

\*Bibby Factors International, Bibby Trade Services, Bibby Factors

Bibby Financial Services Limited  
Packington House  
3-4 Horse Fair  
Banbury  
Oxon  
OX16 0AA

Registered Office

105 Duke Street  
Liverpool  
L1 5JQ

Registered in England and Wales  
Registered Number: 3530461

T: 01295 22 10 55  
F: 01295 22 10 99  
E: [marketing@bibbyfinancialservices.com](mailto:marketing@bibbyfinancialservices.com)  
W: [www.bibbyfinancialservices.com](http://www.bibbyfinancialservices.com)



Voted Best Factor & Invoice Discounter 2010 at the  
NACFB Business Finance Awards.



FLEXIBLE FUNDING SOLUTIONS FOR YOUR BUSINESS