

Registration number: 3530461

# Bibby Financial Services Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2020

# **Bibby Financial Services Limited**

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# **Bibby Financial Services Limited**

## **Company Information**

<b>Chairman</b>	Sir Michael Bibby
<b>Chief executive officer</b>	Jonathan Andrew
<b>Directors</b>	Jonathan Andrew Geoffrey Bibby Theovinder Chatha Jonathan Lewis Simon Perry Ian Ramsden
<b>Company secretary</b>	Bibby Bros. & Co. (Management) Limited
<b>Registered office</b>	3rd Floor Walker House Exchange Flags Liverpool L2 3YL
<b>Ultimate parent undertaking</b>	Bibby Line Group Limited
<b>Auditor</b>	Mazars LLP Statutory Auditor London United Kingdom

## **Bibby Financial Services Limited**

### **Strategic Report for the Year Ended 31 December 2020**

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

#### **About Bibby Financial Services**

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

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

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

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

## **Bibby Financial Services Limited**

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

#### **Strategic review**

Despite the worst market conditions in recent history, we broadly maintained underlying performance compared to the prior year by implementing substantial positive, strategic change throughout the group while continuing to support new and existing SMEs.

At the start of 2020 we delivered a series of measures to return the business to profitability – principally cost reductions in the UK and the sale of the loss-making North American business. After a solid first quarter performance, the disruption caused by Covid-19 impacted trading, principally driven by lower customer demand for commercial financing solutions in favour of less expensive government funding, an impact felt across the wider invoice finance industry. As a result, we experienced a substantial reduction in revenue compared to the prior year. However, due to lower borrowing costs, robust credit impairment performance and disciplined cost management we substantially mitigated the impact of this lower turnover on underlying performance. As a result continuing operations loss before tax, pre-exceptional costs, was marginally higher than the prior year at (£8.8m) (2019: (£7.4m)).

Despite the onset of Covid-19, we continued to execute our strategic initiatives to ensure the business is well positioned going forward. We continued the restructuring of our UK operations along with central support teams, reviewed our technology investment strategy driven by the acceleration toward digitalisation, and closed “Coverly” our InsureTec business. The exit from North America in February 2020 was timely and provided significant liquidity to allow us to trade throughout the year without requiring additional external funding. These actions further impacted profitability in the year, with associated restructuring and disposal costs along with the impairment of legacy software assets increasing the total loss before tax to £41.8m (2019: £11.3m).

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

We maintain a solid funding base and strong funding relationships, principally through our UK Securitisation and Pan EurAsian facility, with our funders supportive of the business. We extended our main UK securitisation facility in the final quarter of 2019 for a further four years, and in March 2021 we renewed our pan EurAsian “back-to-back” facility which provides funding to the majority of our European businesses and Singapore.

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

## **Bibby Financial Services Limited**

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

#### **Our evolving strategy**

With a new executive leadership team in place, in Q4 2020 we began steps towards the development of our new strategy, “BFS 4.0”, which serves to combine people and technology for a best-in class client experience.

At its core, BFS 4.0 focuses on our journey to become the leading provider of working capital solutions for SMEs with multichannel delivery in the markets in which we operate. It is designed to strengthen partnerships, build new distribution channels to expand the use of receivables finance and enhance our support to clients by ensuring we keep pace with shifts in client behaviour.

Combined with an accelerated shift towards digitally-led solutions as a result of Covid-19, we have also reviewed our technology strategy and roadmap. Moving forward, we will spend less on developing our own proprietary technology and take a more agile ‘buy-in’ or ‘software as a service’ approach, partnering with specialist vendors where appropriate. This change in our technology strategy led to a significant impairment of software assets on the balance sheet during the year.

As the implementation of our new strategy continues, taking into account, client, colleague and industry insights, we see a strong opportunity to improve and expand the services we offer to clients and intermediaries, and to grow market share across the markets in which we operate.

#### **Our response to Covid-19**

BFS adapted to the Covid-19 pandemic quickly. Through strong collaboration between The Board and our leadership teams, we established a Covid-19 taskforce, implemented our Business Continuity Plan and moved to remote working for all staff prior to official lockdowns across most countries.

The safety and wellbeing of colleagues remain key to our response as we help colleagues overcome professional and personal challenges presented by the pandemic. We launched a series of support initiatives including paid dependents leave, increased sick pay, practical remote working support, virtual stress workshops, and specific training for line managers to provide greater support for colleagues around the world.

We also ensured client focus remained a priority. In the face of such change, we maintained the high level of flexible service we are known for amongst clients and business partners alike, exemplified by a Trustpilot (UK) rating of 4.4 or “excellent” at the end of 2020.

Our response to the challenges posed in 2020 is a testament to the dedication and commitment of our colleagues across the business. BFS is proud to have been awarded a place in the Sunday Times Best Companies to Work For in 2020. This marks the businesses seventh consecutive placement in the top 100 and ninth since 2010.

#### **Outlook**

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

We remain confident that by continuing to leverage our expertise, our local knowledge and our established business model, coupled with our evolving strategy, BFS will return to a sustainable level of profitability in the short term and continue to support our colleagues, clients and business partners over the long term.

## Bibby Financial Services Limited

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

#### Financial performance

Key financial and other performance indicators during the year in respect of Consolidated performance of continuing operations were as follows:

	Unit	2020	2019
Debts factored	£m	8,930	9,756
Funds advanced	£m	625	851
Turnover	£000	135,529	158,734
Interest payable and similar charges	£000	24,651	28,869
Loss before exceptional items and tax	£000	(8,762)	(7,373)
Loss before tax - both continuing and discontinued operations*	£000	(41,842)	(11,311)

\*including £33.1m of exceptional costs detailed below.

The impact of Covid-19 and resulting lockdowns on the economies and markets in which we operate significantly affected 2020 performance. This was principally due to lower customer demand for financing as SMEs benefitted from government funding and support measures.

As a result, debts factored decreased by 8% to £8.9bn (2019: £9.8bn), with year end funds advanced reducing to £625m (2019: £851m). This muted client activity and reduced utilisation levels led to a reduction in turnover of £23.2m or 15% to £135.5m (2019: £158.7m).

This reduction in turnover was partly offset by lower cost of sales, which reduced £16.2m to £121.4m (2019: £137.6m) primarily reflecting the actions implemented early in 2020 and our rigorous focus on cost management. Despite the national lockdown restrictions and volatile macroeconomic environment, our credit performance remained stable reflecting the diversified nature of our funds advanced, supported by the ongoing government schemes for SMEs. Credit impairments remaining broadly in line with the prior year at 1.6% of average funds advanced (2019: 1.5%). Nevertheless, the full impact of Covid-19 still remains highly uncertain.

Interest payable and similar charges decreased £4.2m to £24.7m for 2020 (2019: £28.9m). The reduction was driven by lower borrowing as a result of lower average funds advanced throughout the year.

Overall, BFS made a loss before exceptional items and tax from continuing operations of £8.8m (2019: £7.4m). However, as noted above, “one off” costs in relation to strategic initiatives have driven a total loss before tax of £41.8m (2019: £11.3m). These initiatives, described in more detail below, and in note 11 of the financial statements, contributed to our resilient performance in the face of uniquely challenging market conditions.

In February 2020, we finalised the disposal of our North American business enabling us to focus on and invest in the markets where we see greater strategic alignment. This timely divestment substantially improved Group liquidity although we recognised a £1.7m loss on disposal including transaction costs.

Following a review of our UK invoice finance operations and central support infrastructure, we made changes to simplify and standardise our operating model. These changes included reducing our geographical footprint in the UK and rightsizing our central support functions. During the year we recognised £7.5m costs in relation to the restructurings, which will generate significant cost savings from 2021 onwards.

In August 2020, we closed down Coverly, our InsureTech business, given market conditions, wider business performance and a renewed, strategic focus on our core businesses. Costs in relation to the closedown were £2.0m and associated software impairments totalled £1.0m.

As mentioned above, we also wrote down a further £20.9m in relation to largely legacy software assets driven by a revised technology strategy, which had limited cash impact in the year.

## **Bibby Financial Services Limited**

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

The group maintains adequate capital, funding and liquidity positions. Total funding capacity for BFS was £1.1bn at 31 December 2020 (2019: £1.3bn). As mentioned above, we extended our main UK securitisation facility in the final quarter of 2019 for a further four years, and in March 2021 we renewed our pan EurAsian “back-to-back” facility. By ensuring we have a robust mix of funding, we are better able to meet our client needs in a cost efficient way.

Finally, the Covid-19 pandemic continues to affect the world, BFS and all of its stakeholders. While the full impact of Covid-19 remains uncertain, the Group has traditionally performed well through adverse economic cycles. We therefore, remain confident in our business model, coupled with the strong experience of our colleagues to respond well to the challenges and opportunities that may arise. Further detail is provided in Principal Risks and Uncertainties on page 8.



## **Bibby Financial Services Limited**

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

#### **Risk management**

Risk management, robust governance and internal control are central to the way we manage all aspects of our business. Responsible practices underpin our values, behaviours and culture and they enable BFS to grow in a sustainable way.

Our risk management processes and systems manage and mitigate, rather than eliminate, risk. Our risk framework is overseen by our Global Risk team on behalf of the Board and is represented by the ‘three lines of defence’ model:

- Ownership of risk at a business level
- Central management support and board oversight
- Independent review

This framework enables us to review and escalate key risks facing the Group in a timely manner in order to, manage and mitigate outcomes, as far as possible, to protect profitability and ensure success of BFS.

The first line of defence for risk management within BFS is placed at the business level. A significant role of all business managers throughout our global operations is to ensure risk is managed appropriately and effectively.

Central management support forms the second line of defence and independently assesses all material risks. The third line, which includes internal audit and the BFS Audit Committee, independently reviews and challenges the Group’s risk management controls, processes and systems.

Credit risk was effectively managed by our Operational and Central Risk teams in 2020 with our bad debt charge being 1.7% (2019: 1.7%) of our advances at year end.

BFS is approved to undertake regulated activities through Bibby Leasing Ltd, which is authorised by the Financial Conduct Authority (FCA) for consumer credit and consumer hire. Bibby Financial Services GmbH is authorised by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) for factoring business. Bibby Factors France S.A. is authorised by the Banque de France (through the Autorité de Contrôle Prudentiel et de Résolution) as a “société de financement”. In the UK BFS is also a member of UK Finance, and complies with the Invoice Finance and Asset Based Lending Code (2018 Edition). Bibby Foreign Exchange Ltd is also approved by the FCA to conduct Forex business, in the UK. Coverly Limited is an appointed representative of Ambant Underwriting Services Limited, a company authorised and regulated by the FCA. As noted above, Coverly Limited ceased trading during the year.

Outside of these directly regulated activities, BFS operate in an evolving, self-regulated market where going ‘above and beyond’ the minimum is fundamental to the management of the business. BFS continue to proactively lead in self-regulation and continues to strengthen standards to ensure that robust quality assurance and risk management processes are embedded at all levels of the organisation. Delivering excellent client service is central to these processes as BFS develop and grow. BFS therefore endeavour to manage operations responsibly and conduct business in an ethical and transparent way.

## **Bibby Financial Services Limited**

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

#### **Principal risks and uncertainties**

BFS serves small and medium sized companies (SMEs). Growth in the SME financing market is influenced by the wider economic environment and business confidence. The market place for BFS is increasingly competitive, creating pressure on income growth and margins. The challenging market conditions in 2020, as a result of Covid-19, impacted all of our businesses.

BFS currently extends geographically across Europe and Asia. BFS provides services to clients through operating companies established in the client's country of residence, and these services are aligned to the local legal framework and regulation. BFS is therefore well placed to manage the continued, albeit lower uncertainty created by Britain's exit from the European Union. BFS has a strong funding base allowing BFS to remain client focussed and will continue to provide competitive funding solutions to all of the markets in which BFS operates through this period. BFS will continue to monitor legislative risks and the risks to BFS suppliers and funders.

As mentioned in the Strategic review, Covid-19 continues to affect BFS and all of its stakeholders. While the full impact of Covid-19 on the markets in which we operate remains unknown, we remain confident in our business model and strong experience of our colleagues to respond well to the challenges and opportunities that may arise. BFS's operational resilience has allowed the Group to continue to operate effectively through the pandemic, with all colleagues being able to work from home when needed, supported by robust systems and technology that continue to meet client needs. We continue to maintain a good capital position with net assets in excess of £120m, which will provide protection against lower profitability. We also have a solid funding base and strong funding relationships, principally through our UK Securitisation and Pan European facility, with both facilities maturing in more than one year, allowing us to continue to support our customers and meet BFS's liquidity requirements. Our client portfolio is well diversified with both client and debtors well spread. Debtor concentrations remain low and we have limited exposure to industries, including hotels and hospitality, currently expected to be most impacted by Covid-19. BFS continues to take a considered approach managing the impact of Covid-19 on the Group and its key stakeholders including continually scenario planning and stress testing its financial position to ensure we remain well positioned as the situation evolves.

#### **Commercial risks and uncertainties**

Our marketplace continues to present commercial risks and uncertainties as a result of competitive developments, the macroeconomic climate and changing client requirements. To manage these risks, we aim to provide our clients with a high standard of service to better meet their needs. As mentioned previously, we continue to maintain a strong liquidity position and solid funding relationships.

Our principal activities involve credit risk in respect of our clients and their customers. We manage this risk by taking adequate security and through a series of internal controls both manual and systems based.

## **Bibby Financial Services Limited**

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

#### **Financial instruments**

##### ***Objectives and policies***

The financial risks the Group faces have been considered by the Board and policies are in place to effectively manage each risk. We consider the most significant financial risks to be liquidity risk, capital adequacy, finance cost risk and credit risk. In each case, the risk is managed by matching assets and liabilities on the relevant basis.

One of the Group's subsidiaries sells foreign exchange services to its clients including the selling of derivative financial instruments. The subsidiary is FCA regulated and transacts within a strong framework of internal governance and authorisation to ensure it is not exposed to significant exchange rate risk.

A small amount of forward exchange contracts are entered into by the Group to manage its own exposure to foreign exchange rate risk. The Group's policy is normally to match foreign currency receivables with borrowings in the same currency. Where necessary, currency risk arising is addressed by taking out forward cover in the form of a derivative.

##### ***Price risk, liquidity risk, credit risk and capital adequacy***

Price risk:

The Group advances to clients and raises funds on a largely matched basis, The Group charges clients and pays for funds on an aligned charging basis and we raise funds in the same currency as we advance.

Where necessary (i.e. where there is no matching trading balance to a currency exposure) we address exchange rate transaction risk by taking out forward cover in the form of a currency derivative contract. These are entered into after review by the Directors of the effectiveness of the derivatives to hedge exchange rate risk exposure.

BFS trades in various countries around the world and the Group is exposed to a range of currencies. The functional and reporting currency for BFS is sterling (GBP). We therefore carry an exchange rate translation risk in preparing the financial statements. No specific exchange instruments are used to protect against this translation risk because it is a non-cash risk to the Group.

## **Bibby Financial Services Limited**

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

#### **Liquidity risk:**

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

#### **Capital adequacy:**

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

#### **Credit risk:**

Credit risk is defined as the risk of loss in relation to an advance made by one of the Group's business units. Operating businesses are provided with appropriate levels of credit discretion. Credit exposures above these levels set are only approved by Senior Underwriters and Board Credit Committee as appropriate.

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

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

#### **Section 172(1) statement**

The Board of Directors of BFS consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172 (1)(a-f) of the Companies Act) in the decisions taken during the year ended 31 December 2020.

The Directors give careful consideration to the factors set out in s172 (1)(a-f) of the Companies Act in discharging their duties. The stakeholders we consider in this regard are our colleagues, our clients, our shareholders, our funders and the local communities in which we are located.

The Board recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values and operate the business in a sustainable way.

#### **Stakeholder engagement**

The Board is committed to effective engagement with all of its stakeholders. The Board and its Committees regularly receive reports from management on issues concerning clients, the environment, communities, suppliers, colleagues, funders and shareholders, which they take into account in their discussions and their decision-making process under section 172.

The Board and its Committees undertake detailed reviews to further develop their understanding of key issues impacting all stakeholders. In addition to this, the Board seeks to understand the interests and views of the Group's stakeholders by engaging with them directly as appropriate. Some of the ways the Board has engaged directly with stakeholders over the year are shown below.

## **Bibby Financial Services Limited**

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

#### **Clients**

The BFS Board consider a range of data sources and insight in order to inform decision making in relation to clients.

Early in the pandemic, we recognised the importance of communicating with our clients effectively; outlining our support and ensuring that service levels were unaffected by remote working. To do so, we provided clients and business partners alike with our 'Our ongoing support for businesses during Covid-19' guide, which detailed our preparedness, the measures we had taken and additional support available to them.

Throughout the year, we continued to engage positively with both our clients and the wider industry, through our regular client surveys and sector studies.

We use our take-on survey to understand feedback from new clients, with our annual client survey providing us with insight to inform client experience enhancements across our portfolio, measured via Net Promoter Score. In addition to our complaints and triggers log, Trustpilot and other independent review sites provide us with an opportunity to ascertain client satisfaction and service levels.

In 2020, we undertook two specific SME studies among businesses in the construction, manufacturing, transport, services and wholesale sectors. Such research provided us with unique data on the impact of the pandemic on our target market, as well as informing our communications and engagement strategies for such groups.

#### **Colleagues**

In 2020, all colleagues transitioned to working from home as a response to the Covid-19 pandemic, with the safety of our colleagues paramount. Technology has enabled BFS to continue to engage regularly with colleagues to provide information and receive feedback, as well as gauge understanding, engagement and satisfaction. From March 2020, regular All Colleague Teams calls have been delivered, usually with live Q&A sessions. These are hosted by members of our Executive Leadership Team and they have enabled colleagues to understand what is happening in our business as well as get more chance to interact with our senior leaders more than ever before.

The use of MSTEams and Zoom has brought teams together through social and business team meetings, with our connections across the countries strengthened. The use of this technology for everyone has brought equity and inclusion in the ways we interact.

Throughout 2020, there was a strong emphasis on supporting the Health & Wellbeing of our colleagues. BFS has a variety of support available across the countries, such as Employee Assistance programmes, Online Wellbeing centres and Mental Health First Aiders. The Health & Wellbeing team have signposted what is available and run campaigns such as Mental Health Awareness week, Get Fit in July and Movember. They also delivered Remote Working digital pathways to provide advice and ideas on how to remain healthy during this time.

#### **Shareholders**

The board regularly receives feedback from the Group's shareholders, principally via members of the Board who are also members of the Bibby Line Group (parent company) Board. This gives the shareholders full visibility and inclusion in the BFS business. Additionally, the Directors attend an annual strategy day to discuss the BFS strategy, operating plan and long term financial performance with the Bibby Line Group Board. During the year, the Company did not pay a dividend (2019: £10.0m).

## **Bibby Financial Services Limited**

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

#### **Funders**

BFS engages in regular communication with the Group's key funders to discuss and provide updates about, and seek feedback on, the business, strategy and financial performance. This relationship was built upon further in 2020 as we held regular meetings with key funders while the business navigated Covid-19. In March 2021, BFS renewed its Pan EurAsian facility for a further two years.

#### **Decision-making**

During 2020, the Board, having regard to their responsibilities to the matters set out in Section 172 of the Companies Act 2006, made the decision to restructure the group's UK operations along with central support functions, to right size the organisation and ensure we can continue to deliver excellent client service. When forming their decision the Board carefully weighed the benefits of the restructure for funders, clients, employees and the Group against any impact on those stakeholders. The financial and wider consequences of the restructure were assessed by the Board. On balance the Board considered that the benefits of the restructure outweighed the detriment to certain stakeholders and the risks associated.

Approved by the Board on 29 June 2021 and signed on its behalf by:



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

**Duly Authorised Signatory**  
**For and on behalf of**  
**Bibby Bros. & Co. (Management)**  
**Limited, Secretary**

## **Bibby Financial Services Limited**

### **Directors' Report for the Year Ended 31 December 2020**

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

#### **Directors of the Group**

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

Jonathan Andrew - Chief Executive Officer (appointed 1 September 2020)

Theovinder Chatha

John Cresswell - Chairman (resigned 31 December 2020)

Jonathan Lewis

David Postings - Chief Executive Officer (resigned 31 August 2020)

Ian Ramsden

Edward Winterton (resigned 31 December 2020)

The following directors were appointed after the balance sheet date:

David Anderson (appointed 22 March 2021 and resigned 1 April 2021)

Geoffrey Bibby (appointed 1 January 2021)

Sir Michael Bibby - Chairman (appointed 1 January 2021)

Simon Perry (appointed 22 March 2021)

#### **Directors' liabilities**

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

## **Bibby Financial Services Limited**

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

#### **Going concern**

The Directors have a reasonable expectation that the company and the Group have adequate resources to continue in operational existence for a period of at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. In reaching this assessment the Directors considered the financial statements, the Group's budget, operating plan and updated forecasts, particularly given Covid-19, along with a range of stress scenarios. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies in Note 2 of the Financial Statements.

#### **Matters included in Strategic Report**

In accordance with s414C(11) of the Companies Act 2006, included within the Strategic report is information relating to the future development of the business and the financial instruments policies and risks of the business, which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the Directors' report.

The Strategic report, specifically the s172 statement, includes information the following:

- i) how the Directors have engaged with employees; and
- ii) how the Directors have had regard to employee interests, and the effect of that regard, including on the principal decisions taken by the Group during the financial year.

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

#### **Stakeholders**

We proactively seek to build and maintain strong relationships with our stakeholders. Our main stakeholders comprise our people, clients, partners, funders and the communities in which we operate. Understanding their views is a key part of managing our business and we actively engage with them on a regular basis to listen to their views and concerns and also gather feedback on our activities. Our clients are at the heart of everything we do. Within the Group we are focused on creating a working environment that encourages our people to be engaged and motivated. In parallel, dialogue and regular engagement with our partners and funders helps us to meet their evolving needs and we work hard to deliver value through the support we provide to charities and the communities we operate in.

#### **Corporate responsibility**

Our approach to corporate responsibility is integral to how we operate, enabling us to build a sustainable future in a responsible and ethical manner. This encompasses how we treat employees, clients, partners and suppliers as well as playing a positive role and investing in local communities and minimising our impact on the environment. Although not a requirement, the Directors' have regard to Wates Corporate Governance Principles in applying good corporate governance.

The importance of the environment we operate in is recognised through our policies which aim to protect and minimise our environmental impacts where possible. Our initiatives are aimed at managing our use of energy and recycling to ensure that our impact is minimal.

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

#### **Employment of disabled persons**

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



## **Bibby Financial Services Limited**

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

#### **Colleague involvement**

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

During 2020, BFS has also sought feedback through regular ad hoc surveys and focus groups with colleagues. This has covered subjects such as Health & Wellbeing, Women in BFS and Future Ways of Working.

Our teams make the difference to our clients, at all times working hard to deliver the highest standards of service, evidenced through our client feedback and good Net Promoter Score of +36. Our people also make a positive contribution to support our local communities through our 'Giving Something Back' (GSB) programme; playing an active role volunteering and fundraising.

## **Bibby Financial Services Limited**

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

#### **Environmental matters**

BFS runs a Sustainable Business Futures (SBF) initiative to reduce our impact on the environment. In the past 12 months BFS has further developed its strategy to focus on three key areas:

1. Being Responsive – looking inwardly at our business to reduce our impact on the environment
2. Being Responsible – looking outwards to our suppliers and clients to assess the risk of their businesses on the environment
3. Being Strategic – looking to the opportunity of the Green Economy

Internally, the SBF initiative comes to life through a variety of focused campaigns combined with proactive local business champions making a difference with their colleagues. In 2020, four of our offices became powered by renewable energy and our overall carbon footprint and use of resource, such as paper, has dramatically dropped, due to working from home and the introduction of technology such as electronic document signing. Events were celebrated such as Global Recycling Day, World Environment Day and Conscious Christmas.

#### **Business energy efficiency reporting**

The requirement to include a report on greenhouse gas emissions, energy consumption and energy efficiency action under Streamlined Energy and Carbon Reporting (SECR) has been met by the ultimate parent company, Bibby Line Group Limited and is therefore not included here.

#### **Social and community issues**

BFS recognise that we have the opportunity to have a broader purpose. Our business wants to nurture a culture which is respectful, open to feedback, inclusive, transparent, continually learning and accountable. All our people are expected to act ethically and responsibly. Our scale and our colleagues across multiple countries mean that together we can have a positive effect on the people and world around us.

BFS has designed a Responsible Business strategy around five core streams. When designing this strategy we looked outwards at the United Nations Sustainable Development Goals and inwards at our Bibby Values for guidance. The five streams of the strategy are:

1. Environmental sustainability
2. Inclusion & Diversity
3. Health & Wellbeing
4. Giving Something Back
5. Human Rights and Modern Slavery

These have been launched across our business through @BFS, our intranet site, and it is very important that we make an ongoing impact in all the above streams. To do this BFS have developed roadmaps of activity for all, which is overseen by a Responsible Business strategy committee made up of a diverse set of people from across our business.

Across all of these streams there are activities focused on our colleagues as well as on the wider community and environment. In particular in 2020, our colleagues have continued to raise money virtually for charities which they are passionate about and BFS has engaged with two schools in disadvantaged areas of the UK to start mentoring programmes in 2021.

#### **Disclosure of information to the auditor**

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Bibby Financial Services Limited**

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

Approved by the Board on 29 June 2021 and signed on its behalf by:



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

**Duly Authorised Signatory  
For and on behalf of  
Bibby Bros. & Co. (Management)  
Limited, Secretary**

## **Bibby Financial Services Limited**

### **Directors' Responsibilities Statement**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Bibby Financial Services Limited**

### **Independent Auditor's Report to the members of Bibby Financial Services Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

We have audited the financial statements of Bibby Financial Services Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

##### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Bibby Financial Services Limited**

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

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the 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.

## **Bibby Financial Services Limited**

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

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

## **Bibby Financial Services Limited**

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the group and the parent company and their industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to loss reserves, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

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

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



## **Bibby Financial Services Limited**

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

#### **Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



[Rudi Lang \(Jun 29, 2021 15:54 GMT+1\)](#)

.....  
Rudi Lang (Senior Statutory Auditor)  
For and on behalf of Mazars LLP  
Statutory Auditor  
London  
United Kingdom

29 June 2021

## Bibby Financial Services Limited

### Consolidated Profit and Loss Account for the Year Ended 31 December 2020

	Note	2020 Continuing operations £ 000	2020 Discontinued operations £ 000	2020 Total £ 000	2019 Continuing operations £ 000	2019 Discontinued operations £ 000	2019 Total £ 000
Turnover	3	135,529	3,023	138,552	158,734	18,850	177,584
Other operating income	4	1,212	-	1,212	-	-	-
Cost of sales		<u>(121,395)</u>	<u>(2,651)</u>	<u>(124,046)</u>	<u>(137,575)</u>	<u>(19,858)</u>	<u>(157,433)</u>
Operating profit/(loss)	5	<u>15,346</u>	<u>372</u>	<u>15,718</u>	<u>21,159</u>	<u>(1,008)</u>	<u>20,151</u>
Other interest receivable and similar income	9	543	-	543	337	-	337
Interest payable and similar charges	10	<u>(24,651)</u>	<u>(365)</u>	<u>(25,016)</u>	<u>(28,869)</u>	<u>(2,930)</u>	<u>(31,799)</u>
		<u>(24,108)</u>	<u>(365)</u>	<u>(24,473)</u>	<u>(28,532)</u>	<u>(2,930)</u>	<u>(31,462)</u>
(Loss)/profit before exceptional items and tax		(8,762)	7	(8,755)	(7,373)	(3,938)	(11,311)
Exceptional items	11	(31,387)	-	(31,387)	-	-	-
Loss on disposal of operations	11	<u>-</u>	<u>(1,700)</u>	<u>(1,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss before tax		(40,149)	(1,693)	(41,842)	(7,373)	(3,938)	(11,311)
Taxation	12	<u>(223)</u>	<u>57</u>	<u>(166)</u>	<u>5,493</u>	<u>(219)</u>	<u>5,274</u>
Loss for the financial year		<u><u>(40,372)</u></u>	<u><u>(1,636)</u></u>	<u><u>(42,008)</u></u>	<u><u>(1,880)</u></u>	<u><u>(4,157)</u></u>	<u><u>(6,037)</u></u>

The notes on pages 31 to 67 form an integral part of these financial statements.

**Bibby Financial Services Limited**

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December  
2020**

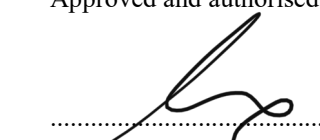
	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Loss for the year	(42,008)	(6,037)
Foreign currency gains/(losses)	<u>1,773</u>	<u>(2,353)</u>
Total comprehensive loss for the year attributable to equity shareholders	<u>(40,235)</u>	<u>(8,390)</u>

The notes on pages 31 to 67 form an integral part of these financial statements.

**Bibby Financial Services Limited**  
**(Registration number: 3530461)**  
**Consolidated Balance Sheet as at 31 December 2020**

	Note	2020 £ 000	2019 Note 2 £ 000
<b>Fixed assets</b>			
Intangible assets	14	11,123	42,775
Tangible assets	15	<u>10,282</u>	<u>11,349</u>
		<u>21,405</u>	<u>54,124</u>
<b>Current assets</b>			
Debtors	17	854,146	1,111,140
Cash at bank and in hand	16	<u>75,191</u>	<u>62,151</u>
		929,337	1,173,291
<b>Creditors: Amounts falling due within one year</b>	18	<u>(429,002)</u>	<u>(304,187)</u>
<b>Net current assets</b>		<u>500,335</u>	<u>869,104</u>
<b>Total assets less current liabilities</b>		521,740	923,228
<b>Creditors: Amounts falling due after more than one year</b>	18	<u>(398,594)</u>	<u>(759,847)</u>
<b>Net assets</b>		<u>123,146</u>	<u>163,381</u>
<b>Capital and reserves</b>			
Called up share capital	19	62,600	62,600
Profit and loss account		<u>60,546</u>	<u>100,781</u>
<b>Shareholders' funds</b>		<u>123,146</u>	<u>163,381</u>

Approved and authorised by the Board on 29 June 2021 and signed on its behalf by:

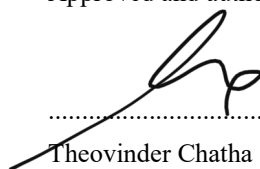
  
 .....  
 Theovinder Chatha  
 Director

**Bibby Financial Services Limited**  
**(Registration number: 3530461)**  
**Company Balance Sheet as at 31 December 2020**

	Note	2020 £ 000	2019 £ 000
<b>Fixed assets</b>			
Investments	13	61,850	61,850
Intangible assets	14	10,942	41,587
Tangible assets	15	<u>7,892</u>	<u>10,216</u>
		<u>80,684</u>	<u>113,653</u>
<b>Current assets</b>			
Debtors	17	28,889	18,065
Cash at bank and in hand	16	<u>-</u>	<u>5,727</u>
		28,889	23,792
<b>Creditors: Amounts falling due within one year</b>	18	<u>(53,915)</u>	<u>(40,078)</u>
<b>Net current liabilities</b>		<u>(25,026)</u>	<u>(16,286)</u>
<b>Total assets less current liabilities</b>		55,658	97,367
<b>Creditors: Amounts falling due after more than one year</b>	18	<u>(4,981)</u>	<u>(7,653)</u>
<b>Net assets</b>		<u>50,677</u>	<u>89,714</u>
<b>Capital and reserves</b>			
Called up share capital	19	62,600	62,600
Profit and loss account		<u>(11,923)</u>	<u>27,114</u>
<b>Shareholders' funds</b>		<u>50,677</u>	<u>89,714</u>

The Company loss for the year as reported in the Company Statement of Changes in Equity is £39,037,000 (2019: profit of £25,444,000).

Approved and authorised by the Board on 29 June 2021 and signed on its behalf by:

  
 .....  
 Theovinder Chatha  
 Director

## Bibby Financial Services Limited

### Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2020	62,600	100,781	163,381
Loss for the year	-	(42,008)	(42,008)
Other comprehensive income	-	1,773	1,773
Total comprehensive expense	-	(40,235)	(40,235)
At 31 December 2020	62,600	60,546	123,146

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2019	62,600	119,171	181,771
Loss for the year	-	(6,037)	(6,037)
Other comprehensive expense	-	(2,353)	(2,353)
Total comprehensive expense	-	(8,390)	(8,390)
Dividends	-	(10,000)	(10,000)
At 31 December 2019	62,600	100,781	163,381

The notes on pages 31 to 67 form an integral part of these financial statements.

## Bibby Financial Services Limited

### Company Statement of Changes in Equity for the Year Ended 31 December 2020

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2020	62,600	27,114	89,714
Loss for the year	-	(39,037)	(39,037)
At 31 December 2020	<u>62,600</u>	<u>(11,923)</u>	<u>50,677</u>

	<b>Share capital £ 000</b>	<b>Profit and loss account £ 000</b>	<b>Total £ 000</b>
At 1 January 2019	62,600	11,670	74,270
Profit for the year	-	25,444	25,444
Dividends	-	(10,000)	(10,000)
At 31 December 2019	<u>62,600</u>	<u>27,114</u>	<u>89,714</u>

The notes on pages 31 to 67 form an integral part of these financial statements.

## Bibby Financial Services Limited

### Consolidated Statement of Cash Flows for the Year Ended 31 December 2020

	Note	2020 £ 000	2019 £ 000
<b>Cash flows from operating activities</b>			
Loss for the year		(42,008)	(6,037)
Adjustments to cash flows from non-cash items			
Depreciation, amortisation and impairment of fixed assets	5	16,028	12,345
Loss on disposal of fixed assets	14, 15	17,166	254
Loss on disposal of fixed assets - discontinued operations	14, 15	3,371	-
Loss from disposals of discontinued operations	11	1,700	-
Interest receivable and similar income	9	(543)	(337)
Interest payable and similar charges	10	25,016	31,799
Taxation	12	166	(5,274)
		<u>20,896</u>	<u>32,750</u>
Working capital adjustments			
Decrease in trade debtors		177,957	26,162
Increase in trade creditors		<u>66,479</u>	<u>27,471</u>
Cash generated by operations		265,332	86,383
Corporation tax paid		<u>(2,210)</u>	<u>(1,747)</u>
Net cash flow from operating activities		<u>263,122</u>	<u>84,636</u>
<b>Cash flows from investing activities</b>			
Interest received		294	337
Acquisition of tangible fixed assets		(2,237)	(2,434)
Acquisition of intangible fixed assets		(1,528)	(10,734)
Net proceeds from disposal of operations		<u>30,747</u>	<u>-</u>
Net cash flows from investing activities		<u>27,276</u>	<u>(12,831)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(25,016)	(31,799)
(Repayment of) / proceeds from draw down of existing borrowing facilities		(255,432)	(20,299)
Loan made to parent company		(3,000)	(4,000)
Proceeds from placement of finance lease arrangements		1,440	8,872
Repayments of finance leases		(3,457)	(5,157)
Dividends paid	20	<u>-</u>	<u>(10,000)</u>
Net cash flows from financing activities		<u>(285,465)</u>	<u>(62,383)</u>
Net increase in cash and cash equivalents		4,933	9,422
Cash and cash equivalents at 1 January		58,848	52,097
Effect of exchange rate fluctuations on cash held		<u>274</u>	<u>(2,671)</u>
Cash and cash equivalents at 31 December	16	<u><u>64,055</u></u>	<u><u>58,848</u></u>

The notes on pages 31 to 67 form an integral part of these financial statements.



# **Bibby Financial Services Limited**

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

### **1 General information**

Bibby Financial Services Limited is a private company limited by shares and incorporated in England under the Companies Act 2006, registration number 3530461. The address of its registered office and principal place of business is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL.

The company is a wholly owned subsidiary of Bibby Line Group Limited. Bibby Line Group Limited is ultimate parent undertaking and is the parent undertaking of the smallest and largest group which consolidates these financial statements for which the company is a member. The ultimate controlling party is disclosed in the financial statements of Bibby Line Group Limited. Copies of all financial statements can be obtained from Bibby Line Group Limited, 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL ([www.bibbylinegroup.co.uk](http://www.bibbylinegroup.co.uk)).

These financial statements were authorised for issue by the Board on 29 June 2021.

### **2 Accounting policies**

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

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

#### **Statement of compliance**

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and applicable legislation as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008. The Company presents both individual financial statements (subject to relevant exemptions) and consolidated financial statements for its Group.

#### **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, its functional currency. As such the financial statements have been prepared in this currency.

The 2019 Consolidated Balance Sheet has been represented to gross up certain Trade Debtors and Trade Creditors. This adjustment increases Trade Debtors by £8.9m and increases Trade Creditors by £8.9m as at 31 December 2019, with no impact on Shareholder's Funds or 2019 profit and loss.

## **Bibby Financial Services Limited**

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

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) and associated special purpose funding vehicle, BFS Funding I Limited. A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in consolidated profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Company. The accounting periods of subsidiaries are coterminous with those of the Company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

When the Company loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets, less liabilities of the subsidiary.

#### **Business combinations**

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expenses are translated at average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulate in equity.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value. Goodwill is measured as the excess of the sum of the consideration transferred over the net of the amounts of identifiable assets acquired and liabilities assumed.

## **Bibby Financial Services Limited**

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

#### **Disclosure exemptions**

The company's individual profit and loss account is omitted from the financial statements as permitted by Section 408 of the Companies Act 2006, where Group financial statements are presented.

The company's individual statement of cash flows is omitted from the financial statements as permitted by FRS 102 Section 1.12.

The company is exempt from disclosing transactions with other wholly owned members of the Group controlled by the ultimate parent undertaking, as permitted by FRS 102 Section 33.

There is no key management personnel identified other than the directors of the business. Directors remuneration for services provided to the Company are disclosed within the financial statements.

#### **Going concern**

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 and Group can continue in operational existence for a period of at least 12 months from the date of this report. The continuing uncertain economic conditions as well as the Covid-19 pandemic present increased risks for all businesses. The principal drivers of the financial performance of the Group are debts factored and funds advanced which, due to an overall reduction in UK economic activity and the availability of government funding schemes for the SME sector as a result of Covid-19, have been negatively impacted. In an economic downturn the group is also exposed to higher levels of bad debt risk that may impact the level of cash recoverable from customers.

The Group is funded through wholesale borrowings (principally securitisation facilities) and cash reserves, which at 31 December 2020 stood at £592m and £64m respectively. The securitisations are available throughout the next 12 months and although they contain various financial covenants to ensure availability of funding for new business, the securitised nature of the facilities is such that in the event of a covenant breach they can enter into amortisation but not be withdrawn immediately.

## **Bibby Financial Services Limited**

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

In response to such conditions the Directors have carefully considered its principal risks and those arising from Covid-19. This includes an assessment of any uncertainty on the viability of the Group's business model and the extent to which they may affect the preparation of the financial statements on a going concern basis. The Group is continually forecasting its financial performance under a range of scenarios assessing the impact on profitability, funding, liquidity, funding covenants and capital position. These scenarios and stress tests are based on both historical experience and, with reference to external guidance, recognising the different market and geographic territories in which the Group operates.

Management's base case assumes a recovery in the second half of 2021 but that overall average funds advanced remain below prior pre-Covid-19 levels in the year. Management's downside scenarios takes into account a slower economic recovery extending well into 2022 with a more negative impact on debts factored volumes and client advances. The scenarios include bad debt assumptions based on experience in previous recessions, which management believe to be reasonable given the Group's ability to manage this risk through underwriting criteria and a strong collection process.

Based on this assessment, the Directors consider that the Company and the Group both maintain an appropriate level of capital and liquidity, sufficient to meet the demands of the business and the requirements which might arise in stressed circumstances. Specifically, in downside scenarios where debts factored and client advances do not recover in line with management's base case, appropriate management actions are available to improve profitability and maintain compliance with covenants and these have been assessed by Management as being plausible and deliverable. Management also takes confidence from the healthy free cash position of the Group following the £31m cash received on disposal of the North American business during the year along with the Group's strong relationship with, and continued support from, its funders.

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.

The scenarios modelled by management demonstrate the Group is expected to have sufficient liquidity available from cash in hand and from committed facilities and maintains headroom against financial covenants, and therefore, support the going concern assessment for the Group and Company.

#### **Turnover**

Turnover arises from asset based lending and financial services to clients, representing service charges, discount income and other charges.

Service and other income is measured at the fair value of consideration received or receivable and is recognised when services are delivered, when the amount of revenue can be reliably measured 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 (including trade debtors and finance lease receivables) is determined using the effective interest method. Effective interest when applied against a financial asset, is a method of calculating the amortised cost of a financial asset and allocating the 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 value.

Turnover in relation to foreign exchange services provided to customers is the net value of currencies bought and sold and net income from derivatives and is recognised at the trade date.

## **Bibby Financial Services Limited**

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

#### **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 and loss.

#### **Government grants**

The Group accounts for government grants (including the Coronavirus Job Retention Scheme) using the accruals model. Revenue-based grants that are receivable as compensation for expenses or losses already incurred are recognised in income in the period in which they are receivable.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if the lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit and loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to profit and loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

#### **Taxation**

Tax for the period comprises current tax and deferred tax.

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

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

Tax assets and liabilities are only offset where there is a legally enforceable right to offset and there is an intention to settle on a net basis.

#### **Investments**

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less any impairment.

## Bibby Financial Services Limited

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

#### Intangible fixed assets

Goodwill initially recognised at cost in line with the business combinations policy above and other intangible assets recognised at cost, are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	Straight line 5 years
Software and development	Straight line 5 - 10 years

Development costs have been recognised in accordance with FRS 102 Section 18 and are therefore not treated as a realised loss in measuring statutory distributable reserves. The Group recognises an intangible asset arising from development (or from the development phase of an internal project) if it can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- Its intention to complete the intangible asset and use or sell it.
- Its ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits. Among other things, the entity can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### Tangible fixed assets

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

Asset class	Depreciation method and rate
Office equipment	Straight line between 3 and 7 years
Leasehold improvements	Straight line on lower of 10 years or lease period
Leased equipment	Straight line over lease period

#### Impairment of fixed assets

At each reporting date the Group reviews the carrying value of fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where the recoverable amount of an asset is less than the carrying amount of the asset, an impairment loss is recognised immediately within profit or loss to reduce the carrying amount of the asset to its recoverable amount.

#### Financial instruments

The Company has considered and applied the provisions of FRS 102 Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' in full. The Company is also considered as a 'Financial Institution' and has applied the additional relevant provisions of Section 34 'Specialised Activities'.

## **Bibby Financial Services Limited**

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

#### ***Classification***

Financial assets and liabilities are recognised when the Group becomes party to the contractual provisions of the financial instrument. The Group holds basic financial instruments which as well as complex derivative financial instruments.

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. Financial assets and liabilities, classified as complex financial instruments are foreign currency derivatives. 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 Group after deducting all of its liabilities. Equity instruments issued by the Group 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 Group assesses whether there is objective evidence that any financial asset may be impaired. A provision for impairment is established when the objective evidence that the Group 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.

## **Bibby Financial Services Limited**

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

#### **Derivative financial instruments**

One of the Group's subsidiaries enters into a variety of derivative financial instruments for trading purposes acting as a broker in the provision of foreign exchange spot and forward contracts to its clients.

A smaller amount of derivative financial instruments are entered into by the Group to manage exposure to foreign exchange rate risk namely foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 23 to the Financial Statements.

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Fair value is estimated using valuation techniques which use market and non-market inputs to estimate the expected discounted cash flows. The valuation techniques use contracted pricing and forward market rates as determined by the issuer of the derivative. The resulting gain or loss arising on valuation is recognised in profit or loss.

Such derivatives are disclosed as Level 2 financial instruments in accordance with the below hierarchy of valuation techniques:

- Level 1: The unadjusted quoted price in active market for identical assets or liabilities that the Group can assess at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability.

#### **Cash and cash equivalents**

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

The Group is party to a composite accounting structure agreements with certain bankers. These agreements treat all the bank accounts included in each agreement as one account; as a result, positive and negative cash balances included in the agreement are shown net on balance sheet.

#### **Finance lease receivables**

The Group recognises assets held under lessor finance leases as a financial asset, presenting them as receivables at an amount equal to the net investment in the lease. The net investment in a lease is the Group's gross investment in the lease discounted at the interest rate implicit in the lease. The gross investment in the lease is the aggregate of (i) the minimum lease payments receivable under a finance lease, and (ii) any unguaranteed residual value accruing. The net investment in a lease also includes initial direct costs, which are incremental to the origination of the finance leases.



## **Bibby Financial Services Limited**

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

The Group raises some finance through securitisation of its debts, 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, the accounting policy for securitised trade debtors remains unchanged. Although debts are assigned to the issuing party to enable funding, the Group retains the economic reward and risk of the debtor. With debtors remaining recognised, securitisation funding is reported within borrowings.

#### **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 Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and any amount due on redemption being recognised as a charge in profit or loss over the period of the relevant borrowing.

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### **Share capital**

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

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## **Bibby Financial Services Limited**

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

#### **Retirement benefits**

The BFS Group is a member of the Bibby Line Group Limited Defined Benefit Pension Scheme. The scheme was closed to new entrants from 1 April 2000 and closed to future accruals for existing members from 30 September 2011. Bibby Line Group is legally responsible for the plan and will charge the cost of the defined benefit plan as a whole to individual entities within the Bibby Line Group. The BFS Group recognises the costs of the defined benefit plan as charged, with no defined benefit assets recognised on the balance sheet, and accounts for the scheme as if it were defined contribution in line with FRS 102.

The Group pays contributions to other publicly or privately administered defined contribution pension insurance plans on a contractual basis.

Under all pension schemes accounted for as defined contribution the amounts that become payable during the financial year are recognised in profit or loss. Differences between contributions payable during the financial year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## **Bibby Financial Services Limited**

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

#### **Critical accounting policies and the use of judgements and estimates**

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The critical judgements and estimates that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements is within the impairment of financial assets, the recognition and subsequent amortisation of intangible fixed assets, transaction costs relating to lease assets and accounting for cash suspense income.

#### ***Assessment of the impairment of financial assets (judgement and estimate)***

In considering indications of impairment of financial assets 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. Given the specialised nature of the company's activities and its application of FRS 102 Section 34, information about the credit quality of its financial assets is contained within the financial statements.

In setting the level of impairment provisions management is required to estimate the level and timing of cash recoverable from collect-outs, realisation of security, payment plans, corporate and personal insolvencies, and other legal actions. A case by case assessment is carried out of all loans with incurred losses and an assessment made of the quantum and timing of likely cash recoveries based on the facts and circumstances of each case and on significant past experiences of the Group. The timing of the expected cash flows impacts the level of discounting that occurs in reflecting the time value of money.

There is particular complexity and judgement around the level of provision required when a debtor is in arrears and enters into collect out (the process of recovering delinquent debt). The Group assesses debtors in collect out on a case-by-case basis, in terms of the expected amount that will be recovered, and the timeframe to recover the monies, which require to be discounted to reflect the time value of money. There has been no change in the methodology used to assess expected recoveries in the period.

At the balance sheet date, non-performing trade debtors and finance lease receivables totalled £56.9m (2019: £50.5m), against which impairment provisions totalled £27.6m (2019: £26.6m). See Note 24 for further details. A 10% change in the expected level of collection from debtors in collect out at year end would result in an increase / decrease of £2.7m (2019: £1.7m) in the level of required provision. If the collect out process takes on average 6 months less or longer than the Group's assumption there would be a circa £0.4m (2019: £0.1m) decrease / increase in the level of provision required.

## **Bibby Financial Services Limited**

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

#### ***Cost capitalisation and setting useful economic lives of intangible fixed assets (judgement)***

Software and development costs reflect investment in technological systems and advancements, the economic benefits of which the Directors believe will be realised over their useful economic life. Amounts capitalised in internally generated intangible assets comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management, which includes costs of materials and services used or consumed in generating the intangible asset, and costs of employee benefits arising from the generation of the intangible asset. There is judgement in determining the type and amount of internal costs to capitalise. At the balance sheet date internal staff costs of circa £5.5m (2019: £21.0m) are capitalised within intangible assets. The Directors also consider that the amortisation policies for software and development costs will reflect the period of benefit from intended use after reflecting further possible technological advancement and market conditions. There is particular subjectivity in assessing the useful life of intangible assets given the Group's ongoing investment programme to respond to the evolving nature of the technology required to serve the business's future needs.

During the year BFS impaired its intangible assets by £20.3m following a review of its technology investment strategy, under which we would anticipate a significantly lower level of internal staff capitalisation going forward. In addition, BFS also impaired £1.0m in relation to software assets following the wind down of Coverly Limited.

#### ***Transaction costs relating to lease assets (judgement)***

The net investment in the Group's finance leases includes initial direct costs which are incremental to the origination of the finance leases. These costs, which also include an element of internal staff costs, are amortised over the life of the finance lease receivable. There is particular complexity and judgement around determining which costs are directly attributable to the origination of a financial asset, in particular the amount of internal staff costs that are directly attributable to the origination of assets. The Group currently capitalises a significant element of staff costs within its Leasing business as they believe these represent costs that are incremental and directly attributable to the negotiating and arranging of leases. At the balance sheet date, the other debtors balance includes internal costs of £2.8m (2019: £3.1m) which are deferred for amortisation over the term of the leases, which typically extend up to five years. During the year £1.4m (2019: £1.2m) of costs were capitalised. If the group had reduced the amount of internal staff costs capitalised by 10% this would decrease the cumulative asset recognised by £0.3m (2019: £0.3m).

#### ***Cash suspense income (judgement)***

The Group has established processes and controls for allocating cash receipts. On a relatively small number of occasions cash is received and cannot be allocated to specific client accounts. There is particular judgement required to be exercised in determining an appropriate time period after which this unallocated cash can be released to income profit and loss, which reflects the Group's contractual terms in terms of entitlement, and the timing of any related unpaid client or debtor balances being written off under our well-established collection processes. Management's judgement is that releasing to profit and loss after six months is appropriate. If the judgement was amended to twelve months the impact would be a £0.4m (2019: £0.5m) reduction in turnover. In the current year, £0.9m (2019: £1.0m) of cash suspense income was recognised in turnover.

## Bibby Financial Services Limited

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

#### 3 Turnover

The analysis of the group's turnover for the year by geographical market is as follows:

	2020 £ 000	2019 £ 000
United Kingdom	92,187	111,900
Rest of Europe	40,850	42,975
Asia Pacific	2,492	3,859
North America - discontinued operations	3,023	18,850
	<u>138,552</u>	<u>177,584</u>

#### 4 Other operating income

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

	2020 £ 000	2019 £ 000
Government grants	<u>1,212</u>	<u>-</u>

#### 5 Operating loss

Arrived at after charging to Cost of Sales within the Consolidated Profit and Loss Account:

	2020 £ 000	2019 £ 000
Amortisation of intangible fixed assets	13,293	9,911
Depreciation of tangible fixed assets	2,735	2,434
Impairment of financial assets	10,654	15,875
Operating lease payments recognised as an expense	<u>3,626</u>	<u>4,400</u>

#### 6 Auditors' remuneration

	2020 £ 000	2019 £ 000
Audit of these financial statements	310	10
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>312</u>	<u>673</u>
	<u>622</u>	<u>683</u>
<b>Other fees to auditor</b>		
Tax compliance services	-	135
Other assurance services	-	11
	<u>-</u>	<u>146</u>

## Bibby Financial Services Limited

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

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	<b>2020</b> <b>£ 000</b>	<b>2019</b> <b>£ 000</b>
Remuneration	1,613	1,509
Contributions paid to defined contribution pension schemes	17	38
Compensation for loss of office	248	-
	<u>1,878</u>	<u>1,547</u>

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

	<b>2020</b> <b>No.</b>	<b>2019</b> <b>No.</b>
Accruing benefits under defined contribution pension schemes	<u>1</u>	<u>3</u>

In respect of the highest paid director:

	<b>2020</b> <b>£ 000</b>	<b>2019</b> <b>£ 000</b>
Remuneration	<u>832</u>	<u>484</u>

## Bibby Financial Services Limited

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

#### 8 Staff costs

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

	<b>2020</b> <b>£ 000</b>	<b>2019</b> <b>£ 000</b>
Wages and salaries	52,398	67,366
Social security costs	7,834	9,870
Pension costs	2,129	2,078
	<u>62,361</u>	<u>79,314</u>

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

	<b>2020</b> <b>No.</b>	<b>2019</b> <b>No.</b>
United Kingdom	741	852
Rest of Europe	339	337
North America - discontinued operations	23	116
Asia Pacific	16	24
	<u>1,119</u>	<u>1,329</u>

#### 9 Other interest receivable and similar income

	<b>2020</b> <b>£ 000</b>	<b>2019</b> <b>£ 000</b>
Bank interest receivable	353	278
Interest receivable from parent company	190	59
	<u>543</u>	<u>337</u>

#### 10 Interest payable and similar charges

	<b>2020</b> <b>£ 000</b>	<b>2019</b> <b>£ 000</b>
Interest on bank overdrafts and borrowings	24,451	31,271
Interest on obligations under finance leases and hire purchase contracts	565	528
	<u>25,016</u>	<u>31,799</u>

## **Bibby Financial Services Limited**

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

#### **11 Exceptional items**

##### **Fixed asset writedown**

During the year, following a review of its technology investment strategy, BFS wrote down £20.9m of fixed assets. This was made up of £20.3m intangible fixed assets and £0.6m of tangible fixed assets. There was limited cash impact of this write down.

##### **Restructuring**

During the year, BFS underwent significant restructuring including redundancies and office closures. BFS is recognising £7.5m of exceptional costs in relation to these activities.

##### **Disposal of North American operations**

On 29 February 2020, BFS completed on the sales of its North American business, Bibby Financial Services (Holdings), Inc. BFS recorded a £1.7m loss on disposal including transactions costs.

##### **Coverly**

During the year, BFS ceased trading on its insurance business Coverly Limited. BFS is recognising a £3.0m exceptional cost in relation to the closing down of this business. The write down is made up of £2.0m in relation to the close down and £1.0m of associated software impairments.

Exceptional items are described in more detail in the Strategic Report of page 5.



## Bibby Financial Services Limited

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

#### 12 Taxation

Tax charged:

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Current taxation</b>		
UK corporation tax adjustment to prior periods	-	202
Foreign tax	1,768	2,410
Foreign tax adjustment to prior periods	-	46
	1,768	2,456
Total current income tax	1,768	2,658
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	(3,111)	(3,776)
Adjustments to prior period*	1,509	(4,156)
	(1,602)	(7,932)
Tax (credit)/charge for the year	166	(5,274)

\*includes amounts relating to changes in tax rates, see table below.

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

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Loss before tax	(41,842)	(11,311)
Corporation tax at standard rate	(7,950)	(2,149)
Effect of expense not deductible in determining taxable profit	(1,913)	1,353
Tax decrease as a result of claims to United Kingdom group loss relief, in utilising losses of fellow subsidiaries of the ultimate parent undertaking	-	(1,719)
Deferred tax (credit) / expense relating to changes in tax rates	(1,149)	1,059
Trading losses carried forward / (utilised)	8,192	(54)
Tax increase arising from higher rates of tax suffered on foreign territory earnings	270	848
Other tax effects for reconciliation between accounting profit and taxable profit	59	1,857
Decrease in tax from net adjustments for prior periods	2,657	(6,469)
Tax charge/(credit) for the year	166	(5,274)

## **Bibby Financial Services Limited**

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

#### **Factors that may affect future tax charges:**

The Group, in the United Kingdom, utilised losses controlled by its ultimate parent undertaking to reduce its taxable income when profit making, as well as optimising tax depreciation strategy to absorb these losses.

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. In the March 2020 Budget it was announced that the reduction in the UK rate to 17% would not occur and the Corporation Tax Rate would be held at 19%, therefore deferred tax balances as at 31 December 2020 are measured at a rate of 19%. It was announced in the March 2021 Budget that the main corporation tax rate will increase to 25% from the 1 April 2023 on profits exceeding £250,000. At the balance sheet date this has not been enacted and therefore has not been reflected through the deferred tax calculations.

## Bibby Financial Services Limited

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

#### Deferred tax

##### Group

Deferred tax assets and liabilities

	<b>Asset £ 000</b>
<b>2020</b>	
Differences between capital allowances and depreciation	9,798
Trading losses	4,181
Other timing differences	180
	<u>14,159</u>
	<u><u>14,159</u></u>
<b>2019</b>	
Differences between capital allowances and depreciation	4,045
Trading losses	8,335
Other timing differences	177
	<u>12,557</u>
	<u><u>12,557</u></u>

##### Company

Deferred tax assets and liabilities

	<b>Asset £ 000</b>
<b>2020</b>	
Differences between capital allowances and depreciation	9,236
Trading losses	2,799
	<u>12,035</u>
	<u><u>12,035</u></u>
<b>2019</b>	
Differences between capital allowances and depreciation	3,501
Trading losses	361
	<u>3,862</u>
	<u><u>3,862</u></u>

## Bibby Financial Services Limited

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

#### 13 Investments

##### Company

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Investments in subsidiaries	<u>61,850</u>	<u>61,850</u>

A full list of subsidiary undertakings and companies included in the consolidation are reported in Note 26 to the Financial Statements.

#### 14 Intangible fixed assets

##### Group

	<b>Goodwill</b>	<b>Software and development</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
<b>Cost</b>			
At 1 January 2020	18,455	67,865	86,320
Additions	-	1,528	1,528
Disposals	-	(27,345)	(27,345)
Disposals in relation to discontinued operations	(3,204)	(4,861)	(8,065)
Exchange differences	-	104	104
At 31 December 2020	<u>15,251</u>	<u>37,291</u>	<u>52,542</u>
<b>Amortisation and impairment</b>			
At 1 January 2020	18,455	25,090	43,545
Amortisation charge for the year	-	13,293	13,293
Amortisation eliminated on disposals	-	(10,578)	(10,578)
Amortisation eliminated on disposals in relation to discontinued operations	(3,204)	(1,683)	(4,887)
Exchange differences	-	46	46
At 31 December 2020	<u>15,251</u>	<u>26,168</u>	<u>41,419</u>
<b>Carrying amount</b>			
At 31 December 2020	<u>-</u>	<u>11,123</u>	<u>11,123</u>
At 31 December 2019	<u>-</u>	<u>42,775</u>	<u>42,775</u>

## Bibby Financial Services Limited

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

#### Company

	<b>Software and development £ 000</b>
<b>Cost</b>	
At 1 January 2020	65,269
Additions	1,491
Disposals	(27,345)
Disposals in relation to discontinued operations	(3,191)
At 31 December 2020	<u>36,224</u>
<b>Amortisation</b>	
At 1 January 2020	23,682
Amortisation charge	13,093
Amortisation eliminated on disposals	(10,578)
Amortisation eliminated on disposals in relation to discontinued operations	(915)
At 31 December 2020	<u>25,282</u>
<b>Carrying amount</b>	
At 31 December 2020	<u>10,942</u>
At 31 December 2019	<u>41,587</u>

The Company has one significant item of software recorded in both the individual and Consolidated Balance Sheet. The asset has a carrying amount of £3,949,000 (2019: £8,869,000) as at the end of the financial year and the remaining amortisation period is 2 years.

Included within software in both the individual and Consolidated Balance sheet are assets with a net book value of £7,382,000 (2019: £8,003,000) that are held on finance leases.

## Bibby Financial Services Limited

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

#### 15 Tangible fixed assets

##### Group

	Office equipment £ 000	Leasehold improvements £ 000	Total £ 000
<b>Cost</b>			
At 1 January 2020	12,437	10,203	22,640
Additions	1,844	393	2,237
Disposals	(694)	(647)	(1,341)
Disposals in relation to discontinued operations	(2,004)	(608)	(2,612)
Foreign exchange movements	95	56	151
	<u>11,678</u>	<u>9,397</u>	<u>21,075</u>
At 31 December 2020	<u>11,678</u>	<u>9,397</u>	<u>21,075</u>
<b>Depreciation</b>			
At 1 January 2020	7,192	4,099	11,291
Charge for the year	1,946	789	2,735
Eliminated on disposal	(383)	(559)	(942)
Eliminated on disposal in relation to discontinued operations	(1,926)	(493)	(2,419)
Foreign exchange movements	86	42	128
	<u>6,915</u>	<u>3,878</u>	<u>10,793</u>
At 31 December 2020	<u>6,915</u>	<u>3,878</u>	<u>10,793</u>
<b>Carrying amount</b>			
At 31 December 2020	<u><u>4,763</u></u>	<u><u>5,519</u></u>	<u><u>10,282</u></u>
At 31 December 2019	<u><u>5,245</u></u>	<u><u>6,104</u></u>	<u><u>11,349</u></u>

## Bibby Financial Services Limited

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

#### Company

	Office equipment £ 000	Leasehold improvements £ 000	Total £ 000
<b>Cost</b>			
At 1 January 2020	8,803	6,597	15,400
Additions	321	-	321
Disposals	(540)	(270)	(810)
Disposals in relation to discontinued operations	(291)	-	(291)
At 31 December 2020	<u>8,293</u>	<u>6,327</u>	<u>14,620</u>
<b>Depreciation</b>			
At 1 January 2020	3,789	1,395	5,184
Charge for the year	1,500	735	2,235
Depreciation eliminated on disposals	(303)	(108)	(411)
Depreciation eliminated on disposals in relation to discontinued operations	(280)	-	(280)
At 31 December 2020	<u>4,706</u>	<u>2,022</u>	<u>6,728</u>
<b>Carrying amount</b>			
At 31 December 2020	<u>3,587</u>	<u>4,305</u>	<u>7,892</u>
At 31 December 2019	<u>5,014</u>	<u>5,202</u>	<u>10,216</u>

Included within office equipment in both the individual and Consolidated Balance sheet are assets with a net book value of £633,000 (2019: £548,000) that are held on finance leases.

Included within leasehold improvements in both the individual and Consolidated Balance sheet are assets with a net book value of £492,000 (2019: £615,000) that are held on finance leases.

#### 16 Cash and cash equivalents

	Group		Company	
	2020 £ 000	2019 £ 000	2020 £ 000	2019 £ 000
Cash at bank	75,191	62,151	-	5,727
Bank balances	75,191	62,151	-	5,727
Bank overdrafts recorded within creditors	(11,136)	(3,303)	(226)	-
Cash and cash equivalents in statement of cash flows	<u>64,055</u>	<u>58,848</u>	<u>(226)</u>	<u>5,727</u>

## Bibby Financial Services Limited

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

#### 17 Debtors

	Note	Group		Company	
		2020 £ 000	2019 £ 000	2020 £ 000	2019 £ 000
Trade debtors		745,883	990,285	-	-
Finance lease receivables		50,533	63,467	-	-
Derivative financial instruments held at fair value	24	1,199	1,740	-	-
Amounts owed by ultimate parent undertakings or controlled group undertakings		15,739	12,490	15,739	12,490
Prepayments		9,355	13,631	72	840
Other debtors		17,278	16,970	1,041	873
Deferred tax assets	12	14,159	12,557	12,037	3,862
<b>Total current trade and other debtors</b>		<b>854,146</b>	<b>1,111,140</b>	<b>28,889</b>	<b>18,065</b>

	Note	Group	
		2020 £ 000	2019 £ 000
Assigned debts receivable		1,154,266	1,391,868
Impairment provision	24	(27,093)	(26,042)
Less deferred assignment consideration owed to factoring clients where there is a full right of recourse		(381,290)	(375,541)
<b>Total trade debtors</b>		<b>745,883</b>	<b>990,285</b>

	Note	Group	
		2020 £ 000	2019 £ 000
Gross finance receivables		51,002	64,022
Impairment provision	24	(469)	(555)
<b>Total finance lease receivables</b>		<b>50,533</b>	<b>63,467</b>

Included within finance leases receivables is £16,821,000 (2019: £23,485,000) which falls due after more than one year.



## Bibby Financial Services Limited

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

#### 18 Creditors

	Note	Group		Company	
		2020 £ 000	2019 £ 000	2020 £ 000	2019 £ 000
<b>Due within one year</b>					
Loans and borrowings	24	193,084	107,387	5,679	5,473
Derivative financial instruments held at fair value	24	942	1,133	-	-
Amounts due to group undertakings		-	-	44,123	30,063
Trade creditors		210,584	169,565	379	452
Social security and other taxes		6,221	4,894	764	2,327
Corporation tax		461	2,502	-	-
Accrued expenses		17,710	18,706	2,970	1,763
		<u>429,002</u>	<u>304,187</u>	<u>53,915</u>	<u>40,078</u>
<b>Due after one year</b>					
Loans and borrowings	24	<u>398,594</u>	<u>759,847</u>	<u>4,981</u>	<u>7,653</u>

#### 19 Share capital

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

	2020		2019	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>62,600</u>	<u>62,600</u>	<u>62,600</u>	<u>62,600</u>

## Bibby Financial Services Limited

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

#### 20 Dividends

	2020 £ 000	2019 £ 000
Dividends paid to corporate shareholder based on prior year financial performance	<u>-</u>	<u>10,000</u>

#### 21 Obligations under operating leases

##### Group

##### Operating leases

The total of future minimum lease payments is as follows:

	2020 £ 000	2019 £ 000
Not later than one year	3,852	4,978
Later than one year and not later than five years	8,439	10,837
Later than five years	<u>3,587</u>	<u>3,198</u>
	<u>15,878</u>	<u>19,013</u>

##### Company

##### Operating leases

The total of future minimum lease payments is as follows:

	2020 £ 000	2019 £ 000
Not later than one year	1,046	1,070
Later than one year and not later than five years	1,939	2,287
Later than five years	<u>1,091</u>	<u>1,488</u>
	<u>4,076</u>	<u>4,845</u>

## **Bibby Financial Services Limited**

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

#### **22 Pension and other schemes**

##### **Defined benefit pension schemes**

##### **Bibby Line Group Limited Defined Benefit Pension Scheme**

The Company is a member of the Bibby Line Group Limited Defined Benefit Pension Scheme. The principal employer of the Scheme, has recognised the full deficit in the Scheme and makes contributions in line with a schedule of contributions agreed with the Trustees of the pension scheme.

A Scheme deficit of £2,242,000 (2019: £4,767,000) is noted in the financial statements of the principal employer, Bibby Line Group Limited. Bibby Line Group is legally responsible for the plan and will charge the cost of the defined benefit plan as a whole to individual entities within the Bibby Line Group. The BFS Group recognises the cost of the defined benefit plan as charged, with no defined benefit assets recognised on the balance sheet, and accounts for the scheme as if it were defined contribution in line with FRS 102. The scheme was closed to new entrants in April 2000 and closed to future accrual for existing members in September 2011.

##### **Defined contribution pension scheme**

The pension charge for the year represents contributions payable to publicly or privately administered defined contribution pension plans and amounts £2,129,000 (2019: £2,078,000).

#### **23 Financial guarantee contracts**

##### **Group**

The Group has provided £778,000 (2019: £476,000) of unrepresented letters of credit to client suppliers and government agencies. These guarantees have been issued by banks on behalf of relevant Group companies.

##### **Company**

The Company guarantees all of the financing facilities of its subsidiaries as listed in Note 26 to the financial statements, apart from UK Securitisation where alternatively the performance of its subsidiaries which are sellers and servicers within the UK Securitisation is guaranteed.

## Bibby Financial Services Limited

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

#### 24 Financial instruments

##### Group

Financial instrument objectives and policies are reported in the Strategic Report on page 9 of the Annual Report. The following table summarises the financial instruments of the Group included in the Consolidated Balance Sheet:

##### Categorisation of financial instruments

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Financial assets that are basic debt instruments, including trade debtors and finance lease receivables that are measured at amortised cost or net investment, less any impairment provision	796,416	1,053,752
Other financial assets including other debtors and cash and cash equivalents, that are measured at amortised cost	90,930	74,641
Financial assets that are derivative instruments used within foreign exchange trading businesses and not for direct Group hedging purposes, measured at fair value through turnover of that business	1,199	1,740
	<b>888,545</b>	<b>1,130,133</b>
Financial liabilities that are basic financial instruments and external financial debt liabilities including overdrafts, funding notes and loans and borrowings, measured on an amortised cost basis	584,683	858,222
Financial liabilities that are external finance lease and hire purchase agreements, secured on underlying plant, equipment and intangible assets recorded in fixed assets	6,995	9,012
Other financial liabilities, including trade and other payables that are measured on an amortised cost basis	210,584	169,565
Financial liabilities that are derivative instruments used within foreign exchange trading businesses and not for direct Group hedging purposes measured at fair value through turnover of that business	942	1,133
	<b>803,204</b>	<b>1,037,932</b>

##### Credit quality of financial assets that are basic financial instruments

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

For assets that are basic financial instruments and are debt receivables for invoice financing, the Group lends to clients against approved invoices that are legally assigned to it and that therefore act as security for lending. For leasing operations security is held over the assets financed by the lease.

The following tables provides an analysis of the credit quality of third party financial assets based on the performing/impaired status of the asset, and an analysis of the movements in the financial asset impairment provision:

## Bibby Financial Services Limited

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

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Performing	767,009	1,029,808
Non-performing	56,942	50,541
Impairment provision	<u>(27,562)</u>	<u>(26,597)</u>
Total financial assets that are trade debtors and finance lease receivables and measured at amortised cost	<u><u>796,389</u></u>	<u><u>1,053,752</u></u>

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Provision for impairment of financial assets, being trade debtors and finance lease receivables, at 1 January	26,597	27,739
New provisions charged to profit and loss	10,654	15,875
Financial assets written off	(8,947)	(16,001)
Recoveries on previous financial assets written off	(833)	(1,062)
Exchange differences	<u>91</u>	<u>46</u>
Provision for impairment of financial assets, being trade debtors and finance lease receivables, at 31 December	<u><u>27,562</u></u>	<u><u>26,597</u></u>

#### Credit quality of derivative financial instruments

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Derivative contracts with a positive fair value recorded within debtors</b>		
Derivatives bought from BBB rated financial currency vendors	1,010	1,123
Derivatives sold to counterparties without published external credit rating	<u>189</u>	<u>617</u>
	<u><u>1,199</u></u>	<u><u>1,740</u></u>
<b>Derivative contracts with a negative fair value recorded within creditors due within 1 year</b>		
Derivatives bought from BBB rated financial currency vendors	(920)	(949)
Derivatives sold to counterparties without published external credit rating	<u>(22)</u>	<u>(184)</u>
	<u><u>(942)</u></u>	<u><u>(1,133)</u></u>

## Bibby Financial Services Limited

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

#### Loans and borrowings analysis

The following table provides details of financial liabilities that are basic financial instruments and originate from loan and borrowing facilities:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
UK securitised senior variable fund notes, secured by primary charge on trade receivables and floating charges over assets of certain subsidiaries. Facility carries variable interest above interbank rates	220,852	410,052
UK junior notes, secured by secondary charge on trade receivables and floating charges over assets of certain subsidiaries. Facility carries variable interest above interbank rates	105,000	105,000
Other UK overdraft, block discounting and revolving credit facilities, secured against book debts and fixed and floating charges over assets over certain subsidiaries. Facility carry variable interest above interbank rates	34,214	57,993
Various European overdraft and back-to-back credit facilities, secured against book debts, pledges and fixed and floating charges over assets over certain subsidiaries. Facilities carry variable interest above interbank rates	212,568	229,283
North American overdraft and credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facility carries variable interest above interbank rates	-	36,820
Various Asia Pacific credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facilities carry variable interest above interbank rates	8,385	14,961
Various asset amortising loans of the Company, secured on equipment recorded within tangible fixed assets and software recorded in intangible fixed assets	3,664	4,113
Finance leases of the Company, secured on equipment recorded within tangible fixed assets and software recorded in intangible fixed assets	6,995	9,012
	591,678	867,234

#### Maturity of financial liabilities

The following table analyses financial liabilities into relevant maturity groupings based on the remaining period at the date of the Consolidated Balance Sheet, on an undiscounted basis:

	<b>Within 1 to 12</b>	<b>Within 1 to 5</b>	<b>Greater than 5</b>	<b>Total</b>
	<b>months</b>	<b>years</b>	<b>years</b>	<b>£ 000</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
Bank overdrafts	11,136	-	-	11,136
Senior and junior funding notes	-	325,852	-	325,852
Bank loans	178,397	69,298	-	247,695
Finance leases	3,551	3,444	-	6,995
Derivative financial instruments	942	-	-	942
Trading and other payables	234,976	-	-	234,976
	429,002	398,594	-	827,596

## **Bibby Financial Services Limited**

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

#### **Exchange rate sensitivity on the translation of accounting records of overseas subsidiaries**

The Group is exposed to translation risk on its overseas subsidiaries. No specific financial instruments are used to protect against the risk. At the 31 December, if sterling weakened 10% against the world's major currencies, shareholders' funds would be £4,600,000 (2019: £7,900,000) higher. Conversely, if Sterling strengthened 10% against the world's major currencies, shareholders' funds would be £3,800,000 (2019: £3,700,000) lower.

#### **25 Parent and ultimate parent undertaking**

The company's immediate parent is Bibby Line Group Limited, incorporated in United Kingdom.

These financial statements are available upon request from 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom.

The ultimate controlling party is Bibby Line Group Limited.

## Bibby Financial Services Limited

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

#### 26 List of subsidiary undertakings

##### Group

##### Details of undertakings

Details of the investments in which the group holds are listed below.

\* indicates direct investment of the company.

\*\* indicates UK subsidiary taking exemption from audit under section 479A of the Companies Act 2006 for the year ending 31 December 2020.

Undertaking	Country of incorporation	Holding	Voting rights and shares held	
			2020	2019
<b>Subsidiary undertakings</b>				
Bibby Debt Finance Limited*	England**	Ordinary	100%	100%
Bibby Finance 2 Limited*	England**	Ordinary	100%	100%
Bibby FS (Holdings) Limited*	England**	Ordinary	100%	100%
Bibby Financial Services (UK) Limited	England	Ordinary	100%	100%
Bibby Asset Finance Limited	England**	Ordinary	100%	100%
Bibby Leasing Limited	England	Ordinary	100%	100%
Bibby Corporate Financial Solutions Limited	England	Ordinary	100%	100%
Bibby Trade Services Limited	England	Ordinary	100%	100%
Bibby Financial Services (FX) Limited	England	Ordinary	100%	100%
Bibby Foreign Exchange Limited	England	Ordinary	100%	100%
Coverly Limited*	England	Ordinary	100%	100%
Bibby Invoice Finance UK Limited	England	Ordinary	100%	100%
Bibby ACF Limited	England**	Ordinary	100%	100%
Bibby Factors Bedford Limited	England**	Ordinary	100%	100%
Bibby Factors Borehamwood Limited	England**	Ordinary	100%	100%
Bibby Factors Bristol Limited	England**	Ordinary	100%	100%
Bibby Factors Leicester Limited	England**	Ordinary	100%	100%
Bibby Factors Limited	England**	Ordinary	100%	100%
Bibby Commercial Finance Limited (formerly Bibby Factors Manchester Limited)	England**	Ordinary	100%	100%
Bibby Factors Northeast Limited	England**	Ordinary	100%	100%
Bibby Factors Northwest Limited	England**	Ordinary	100%	100%



## Bibby Financial Services Limited

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

Bibby Factors Scotland Limited	Scotland**	Ordinary	100%	100%
Bibby Factors Slough Limited	England**	Ordinary	100%	100%
Bibby Factors Sussex Limited	England**	Ordinary	100%	100%
Bibby Factors Wessex Limited	England**	Ordinary	100%	100%
Bibby Factors Yorkshire Limited	England**	Ordinary	100%	100%
Bibby Factors International Limited	England**	Ordinary	100%	100%
Bibby Trade Factors Limited	England**	Ordinary	100%	100%
Bibby Invoice Discounting Limited	England**	Ordinary	100%	100%
Bibby Revolving Finance Limited	England**	Ordinary	100%	100%
Bibby Transactional Finance Limited	England**	Ordinary	100%	100%
Bibby Management Services Limited	England**	Ordinary	100%	100%
Factoring UK Group Limited	England**	Ordinary	100%	100%
Cashflow UK Limited	England**	Ordinary	100%	100%
Bibby Financial Services (Europe) Limited	England	Ordinary	100%	100%
Bibby Factors France S.A.	France	Ordinary	100%	100%
Bibby Financial Services (Ireland) Limited	Ireland	Ordinary	100%	100%
Bibby Financial Services GmbH	Germany	Ordinary	100%	100%
Bibby Financial Services B.V.	Netherlands	Ordinary	100%	100%
Bibby Financial Services A.B.	Sweden	Ordinary	100%	100%
Bibby Financial Services Sp. z.o.o.	Poland	Ordinary	100%	100%
Bibby Financial Services, a.s.	Czech Republic	Ordinary	100%	100%
Bibby Factoring Slovakia, a.s.	Slovakia	Ordinary	100%	100%
Bibby Financial Services (Singapore) Pte Limited	Singapore	Ordinary	100%	100%
Bibby Financial Services (India) Pvt Limited	India	Ordinary	75%	75%
Bibby Factoring Services (Malaysia) Sdn Bhd	Malaysia	Ordinary	100%	100%
Bibby Financial Services (Asia) Limited	Hong Kong	Ordinary	100%	100%

## **Bibby Financial Services Limited**

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

#### **Principal activities and details of registered offices**

The principal activity of Bibby Debt Finance Limited is asset financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 06740659.

The principal activity of Bibby Finance 2 Limited is asset financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 05837447.

The principal activity of Bibby FS (Holdings) Limited is investment holding and management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 03143108.

The principal activity of Bibby Financial Services (UK) Limited is investment holding and management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09341390.

The principal activity of Bibby Asset Finance Limited is investment holding and management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04044911.

The principal activity of Bibby Leasing Limited is asset financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 00588708.

The principal activity of Bibby Corporate Financial Solutions Limited is inventory finance and debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 10530810.

The principal activity of Bibby Trade Services Limited is trade financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 03530463.

The principal activity of Bibby Financial Services (FX) Limited is investment holding and management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09343375.

The principal activity of Bibby Foreign Exchange Limited is foreign exchange services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09353026.

The principal activity of Coverly Limited is insurance agency and brokering. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 11283983.

The principal activity of Bibby Invoice Finance UK Limited is investment holding, management and financing services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09351311.

The principal activity of Bibby ACF Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 02885198.

The principal activity of Bibby Factors Bedford Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04290368.

## **Bibby Financial Services Limited**

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

The principal activity of Bibby Factors Borehamwood Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 00388715.

The principal activity of Bibby Factors Bristol Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 03171249.

The principal activity of Bibby Factors Leicester Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 02989348.

The principal activity of Bibby Factors Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 00584342.

The principal activity of Bibby Commercial Finance Limited (formerly Bibby Factors Manchester Limited) is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04296744.

The principal activity of Bibby Factors Northeast Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 03653980.

The principal activity of Bibby Factors Northwest Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 00557149.

The principal activity of Bibby Factors Scotland Limited is debt factoring. The address of its registered office is 1st Floor, Unit 2, Block B, Kittle Yards, Causewayside, Edinburgh, EH9 1PJ, Scotland. The company registration number is SC199049.

The principal activity of Bibby Factors Slough Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 02617760.

The principal activity of Bibby Factors Sussex Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 03847904.

The principal activity of Bibby Factors Wessex Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04918703.

The principal activity of Bibby Factors Yorkshire Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04918173.

The principal activity of Bibby Factors International Limited is debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04081220.

The principal activity of Bibby Trade Factors Limited is trade financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 05303859.

The principal activity of Bibby Invoice Discounting Limited is confidential debt factoring. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04105467.

## **Bibby Financial Services Limited**

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

The principal activity of Bibby Revolving Finance Limited is trade financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 07693461.

The principal activity of Bibby Transactional Finance Limited is transactional financing. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 07693401.

The principal activity of Bibby Management Services Limited is management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04917962.

The principal activity of Factoring UK Group Limited is brokerage. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 05245631.

The principal activity of Cashflow UK Limited is brokerage. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04010670.

The principal activity of Bibby Financial Services (Europe) Limited is investment holding and management services. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09519213.

The principal activity of Bibby Factors France S.A. is debt factoring. The address of its registered office is Open 6, 158 avenue Thiers, CS 70033, Lyon Cedex 06, , 69454, France.

The principal activity of Bibby Financial Services (Ireland) Limited is debt factoring. The address of its registered office is 4th Floor Heather House, Heather Road, Sandyford, Dublin 18, Ireland.

The principal activity of Bibby Financial Services GmbH is debt factoring. The address of its registered office is Germany Hansaallee 249, 40549 Düsseldorf, Germany.

The principal activity of Bibby Financial Services B.V. is debt factoring. The address of its registered office is Laan Van Diepenvoorde 5, 5582 LA, Waalre, Netherlands.

The principal activity of Bibby Financial Services A.B. is debt factoring. The address of its registered office is c/o Bibby Financial Services Limited, 4rd Floor, Walker House, Exchange Flags, Liverpool L2 3YL, UK.

The principal activity of Bibby Financial Services Sp. z.o.o. is debt factoring. The address of its registered office is Poland Eurocentrum , Al. Jerozolimskie 134, 02-305 Warsaw, Poland.

The principal activity of Bibby Financial Services, a.s. is debt factoring. The address of its registered office is Hlinky 118, Brno, 603 00, Czech Republic.

The principal activity of Bibby Factoring Slovakia, a.s. is debt factoring. The address of its registered office is Prievozská 4D, Block E, 13th Floor, Bratislava 821 09, Slovak Republic.

The principal activity of Bibby Financial Services (Singapore) Pte Limited is debt factoring. The address of its registered office is 6, Shenton Way, #18-08A, Oue Downtown, 068809, Singapore.

The principal activity of Bibby Financial Services (India) Pvt Limited is debt factoring. The address of its registered office is 121, First Floor, Sector 44, Gurgaon, Haryana, 122003, India.

The principal activity of Bibby Factoring Services (Malaysia) Sdn Bhd is debt factoring. The address of its registered office is Suite 7E, Level 7, Menara Ansar, 65 Jalan Trus 80000 Johor Bahru, Johor, Malaysia.

The principal activity of Bibby Financial Services (Asia) Limited is debt factoring. The address of its registered office is Unit 2302, 23/F Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong.

## **Bibby Financial Services Limited**

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

#### **Details of undertakings where the Company has controlling influence through the power to govern financial and operating policies**

The Company has controlling influence over BFS Funding I Limited, a limited company incorporated in Jersey. The address of its registered office is 44 Esplanade, St Helier, Jersey, JE4 9WG. It is a wholly owned subsidiary of Bibby Funding I Charitable Trust (BO), whose trustee is Intertrust Offshore Limited.

BFS Funding I Limited acts as the issuing party within the Company's UK securitisation arrangement, facilitating the financing of certain Group companies in their selling and master selling of invoice receivables. In using those instruments as security, the issuing party borrows funds from third party investors, by issuing variable funding notes to those investors.

#### **Details of dormant undertakings incorporated in England**

Bibby Finance 1 Limited. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 05837446.

BFS Corporate Financial Solutions Limited. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 05368550.

Bibby Foreign Exchange (Solutions) Limited. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 09353072.

Global Management Services Limited. The address of its registered office is 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom. The company registration number is 04331246.