

Registration number: 03530461

Bibby Financial Services Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2021

Bibby Financial Services Limited

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Bibby Financial Services Limited

Company Information

Chair	Jonathan Lewis
Chief executive officer	Jonathan Andrew
Other Directors	Geoffrey Bibby Simon Perry Theovinder Chatha Ian Ramsden
Company secretary	Bibby Bros. & Co. (Management) Limited
Registered office	3rd Floor Walker House Exchange Flags Liverpool L2 3YL
Ultimate parent undertaking	Bibby Line Group Limited
Auditor	Mazars LLP Chartered Accountants and Statutory Auditor 30 Old Bailey London United Kingdom EC4M 7AU

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2021

The Directors present their strategic report for the year ended 31 December 2021.

Overview

Bibby Financial Services Limited (BFS) helps businesses thrive and grow through the provision of future focused financial solutions, delivered by an experienced team of highly engaged colleagues.

For 40 years, we have been leading the way in helping small and medium sized entities (SMEs) to achieve their ambitions, through our responsiveness, flexibility and a differentiating relationship-based approach to funding.

While much has changed since our formation in 1982, our commitment to our family values, providing excellent service to our clients, and helping our people to grow and develop, has remained consistent.

Nature of the business

BFS (the 'Parent Company') and its subsidiaries (together the 'Group'), provide Invoice Finance, Asset Finance, Trade Finance and Foreign Exchange services to SMEs.

Our products and services help businesses unlock working capital and reduce their exposure to currency volatility.

By so doing, we enable businesses to overcome cashflow issues, purchase new equipment and machinery, and expand in domestic and international markets. We also support management buy ins and buy outs, refinancing and corporate restructuring.

We employ over 900 people in 27 offices across Europe and in Singapore and support 9,000 business customers in over 300 industries worldwide.

BFS is a subsidiary and member of the Bibby Line Group ('BLG'). BLG was founded in Liverpool in 1807, and is one of the UK's oldest family owned businesses, with more than 210 years' experience of providing personal, responsive and flexible customer solutions.

Chief Executive Officer's review

Business highlights

2021 was a pivotal year for BFS as we evolved our purpose, renewed our strategy and returned to profitability against the backdrop of challenging market conditions. In the first half of the year the impact of Covid 19 was prevalent, bringing continued disruption to the SMEs we serve and leading to less demand for working capital, principally due to continued financial support from Government in all our key markets. As restrictions were lifted and Government support measures eased in the second half of the year, our trading performance also improved, with the business further benefitting from the turnaround initiatives taken in 2020 and early 2021 designed firstly to stabilise, and then return the business to sustainable profitability. During 2021 BFS also started to realise real benefits from our new BFS 4.0 strategy, with enhanced client service delivering an improved Net Promoter Score. The resilient performance during the pandemic is a testament to the excellent contribution made by our team of highly engaged colleagues across our businesses.

Despite ongoing geopolitical challenges and the residual uncertainty due to the pandemic, the business is well positioned for future growth, with the stronger momentum recorded during the second half of 2021 continuing and providing an encouraging start to 2022.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Strategic overview

Our purpose, values and culture

As a business celebrating 40 years of supporting SMEs, we have a clear purpose. Guided by our family values, we make SME ambitions possible by providing reliable, accessible and future focused financial solutions.

Our values are well-embedded throughout the business and are hugely important to us, guiding our decision making and underpinning how we work every day. We strive to:

- Work Together - we understand the common long-term goals across our businesses, customers, suppliers and people, and we work towards them as a team;
- Be Better - we challenge ourselves to be the best, finding new ways to improve everything we do today;
- Be Innovative - we do everything possible to look ahead, to anticipate customer needs and deliver innovative solutions;
- Do The Right Thing - at all times we do the right thing, providing a quality and safe service, acting responsibly for our people, customers and the communities in which we work; and
- Trust Each Other - we trust and empower our people to deliver the right outcomes for our customers and our business.

Parallel to our values is creating a high performing culture, and we work hard to foster an environment in which all our people can develop and grow. We endeavour to nurture a culture of diversity and inclusion, strong leadership, innovation and trust, enabling us to work collectively towards our business objectives.

Our strategy

Following a comprehensive review we launched our new strategy, BFS 4.0 during the year. Devised, developed and launched with input and engagement from colleagues, clients, business and intermediary partners around the world, it focuses on our journey to become the leading provider of working capital solutions for SMEs with a multichannel distribution model.

Through BFS 4.0 we will promote the use of receivables finance and enhance our support to clients by better understanding their needs, keeping pace with shifts in customer behaviour and expectations, strengthening partnerships and building new distribution channels. The 4.0 programme is starting to deliver real benefits, evidenced by a substantial increase in Net Promoter Score to +43 and maintaining an 'excellent' rating on independent review site, Trustpilot. For clients, the group wide roll-out of a customer relationship management system is enabling us to automate processes to manage end-to-end client relationships more effectively, and our new Client Online portal enables clients to manage their accounts and improve the way in which they access the support they need. We also continued to broaden our distribution channels by becoming the preferred partner to a UK network of 3,500 accountancy and advisory specialists.

A key part of our approach continues to be our long-held capability in managing risk across our diversified portfolio with prudent management of liquidity, governance and underwriting processes. We remain well-capitalised and our strong funding position, following the extension of our UK securitisation facility in 2019 and the renewal of our pan-Eurasian facility in May 2022, ensures we remain poised for future growth by supporting new and existing clients.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

To underpin our strategy implementation and ensure sustainability of the business model, Project Compass, a Bibby Line Group wide initiative was launched in 2021. Project Compass focuses on four key “Compass points”:

1. Environment - we are committed to being an increasingly sustainable business, minimising our environmental impact and influencing positive change.

The group is conscious of its impact on the environment and we are committed to becoming an increasingly sustainable business, striving to minimise our own environmental impact and influencing positive change with our customer, colleagues and suppliers, with a goal of Net Zero total carbon emissions by 2040.

In line with Project Compass, we are reducing our emissions through reduced travel and transitioning our company cars to EV/PHEV, moving as many office locations as possible to renewable energy and campaigning, through our community group, to raise awareness of the ways in which all colleagues can reduce their carbon footprint.

In addition, we introduced environmental risk policies and processes to use when bringing on-board new clients, and we added environmental questions to our procurement processes to help us to mitigate risk within our supply chain.

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.

2. Communities - we strive to improve the quality of life for all in the communities in which we live and work.

Aligned to the Project Compass initiative, BFS has embraced opportunities to support the communities in which we operate.

The Giving Something Back (GSB) programme, now in its 15th year, supports employees to fundraise and volunteer for local causes, and we have recently increased our matched funding support.

BFS actively encourages colleagues to undertake paid leave to volunteer and fundraise in local communities through our "Donate a Day" initiative and an increase in ‘give as you earn’ matching will help incentivise our contributions to organisations which need support now and in the future. This has allowed, among many varied projects of support, partnerships with local schools and colleges in disadvantaged areas, supporting environmental efforts to clean up local beaches, food banks in the UK, a charity Christmas fair in Poland and raising money through charitable fundraising in Ireland. More recently BFS staff have been actively contributing donations of essential household items for people directly impacted by the Ukraine humanitarian crisis.

3. People - we keep our colleagues safe at work and celebrate, respect and value them for who they are and what they do.

Our colleagues are critical to our success and throughout 2021, we continued to protect and support our teams during the pandemic, offering support and guidance surrounding mental health and physical wellbeing.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

We recognise the significant shift in working culture since the onset of the pandemic, with employees around the world needing and expecting greater flexibility than before. To meet this need, and to continue to attract, develop and retain talent within the business, we implemented hybrid and flexible working practices in all geographies, regularly listening to colleagues to understand the challenges they are facing, helping us to adapt accordingly.

Through our "Return to Office" committee, we designed a comprehensive plan to return colleagues to offices in a safe manner for collaboration and networking, and we are pleased to report this flexible hybrid working model is functioning well for colleagues, clients and our performance.

In line with our strategic approach to foster a high performing culture and an environment in which all our people can grow and develop, we commenced a BFS-wide initiative to define our "North Star", which included how we see ourselves, the value we bring to our clients and communities, the aspirations that motivate us and the way we aim to live our values.

The creation of our North Star involved more than 350 colleagues and is based on combining our family values and client centricity with our future ambition:

"Guided by our family values, we make SME ambitions possible by providing reliable, accessible and future focussed financial solutions."

In addition to the launch of our North Star internationally, the introduction of our new Workday Peakon Employee Voice monthly survey is enabling greater focus on the needs and desires of our people around the world. The programme is already informing tangible change and action planning for colleagues at a regional and national level - an integral part of our people strategy.

Active inclusion including the employment of disabled persons

BFS have been passionate about being an inclusive and diverse business for many years. We are pleased that our first Peakon results place us in the top 25% of financial services businesses for inclusivity. Over the past 12 months we have introduced an Inclusion & Diversity community group to share experiences and set direction, as well as a comprehensive people policy review through the lens of inclusion, diversity and wellbeing.

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. In 2021 we achieved Disability Confident status in recognition of the work we have done around Inclusion & Diversity, particularly disability.

Health and wellbeing

The wellbeing of our colleagues is paramount, and we have introduced and maintained a series of measures throughout the pandemic to keep people safe. We have benefits available across all countries to encourage healthy lifestyles and support colleagues when they are unwell. In 2022, we will launch a wellbeing platform across all markets, as well as a social recognition platform to improve social wellbeing.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

Learning and development

We are fully committed to providing opportunities for our employees to advance their career through personal and professional development. We offer a host of development programmes from our suite of soft skills options, such as presentation skills and customer service training, through to management and leadership programmes and external qualifications.

We make use of the apprenticeship levy at all levels of the organisation, for example, funding MBAs and supporting our Sales Academy colleagues with gaining relevant qualifications. In 2021 we launched “B:Hive”, an intranet site where learning is centrally curated for colleagues to access when they need.

4. Customer - we continually work to be our customers’ partner of choice and support them to thrive.

Being truly client-centric is at the heart of our strategy and the BFS Board consider a range of data sources and key performance indicators (KPIs) to understand how we are performing for clients, and to inform decision making.

We maintain regular communication with clients through our Relationship Management teams and operational processes, in addition to central communications when required. Throughout the pandemic, we continued to maintain close contact with our clients, understanding their needs as well as assessing their exposure to risk through their own customer bases.

Net Promoter Score and customer satisfaction are key metrics in understanding how we are performing against our values, and we use a variety of methods to understand current service performance and to identify areas for improvement, including:

- Take-on survey for new clients;
- Annual client survey for all clients;
- Our newly launched customer panel, providing us with unique qualitative insight;
- Our complaints, triggers and feedback process;
- Regular client visits through our operational teams; and
- Active management and monitoring of customer service review sites, such as Trustpilot.

In addition to understanding client service levels and needs, our proactive SME insight programme enables us to evaluate and assess business sentiment on an ongoing basis. In 2021, we undertook two key studies based on the effects of the Covid-19 pandemic on SMEs and their financing needs, as well as a specific study on the construction sector with regard to current sales volumes and mitigating rising costs.

Not only do such studies provide insight in helping us to enhance our services, but they also provide us with genuine opportunity to share value added data with clients and intermediary partners, helping them to overcome challenges and take advantages of opportunities as they arise.

Leadership and collaboration

Key to delivering the strategy is ensuring we have the right leadership across the group, and we continued to add breadth and experience to our executive leadership and regional senior management teams. At a Board level, Simon Perry was appointed to the BFS board as an independent non-executive director and Chair of the BFS Audit Committee with the business benefiting from his significant experience. Following the year end, Sir Michael Bibby stepped down as Chair of the Board. BFS would like to thank Sir Michael Bibby for his stewardship throughout 2021. Geoffrey Bibby joined the BFS board as a non-executive director at the start of 2021, continuing the family’s links to the business. Jonathan Lewis was appointed Chair on 1 January 2022 and will carry out these duties alongside his existing position as Managing Director of the Bibby Line Group.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

The cornerstone of our success remains in having highly experienced and engaged teams delivering for our clients and intermediary partners. Our improved performance has been the collective effort, focus and commitment of our teams throughout the world. Ensuring the health, safety and wellbeing of our colleagues during the pandemic has remained a priority of the Board. Part of this involved updating and enhancing several policies and benefits, including paid dependents leave and increased sick pay, as well as providing remote working support, stress workshops, and specific guidance and training for line managers to provide further support for our colleagues.

Impact of Strategy on our performance

BFS has made significant progress in 2021 returning the business to profitability and navigating a clear and positive path through the Covid-19 pandemic. Notwithstanding continued disruption for SMEs and ongoing fiscal support for businesses from central governments, we achieved stronger underlying trading performance with improved volumes and client demand. As highlighted above, the performance in the second half was stronger, as pandemic restrictions were lifted across our key markets and government support began to unwind. The turnaround initiatives executed in 2020 and during the first half of 2021, alongside the introduction of the BFS 4.0 strategy further benefited our financial performance. Overall, increasing debts factored volumes, a steady pick-up in client cash demand, continued cost management and bad debt stability resulted in an underlying profit of £3.0m, an increase of £11.8m on 2020. We are pleased to report this momentum is continuing, evidenced by a strong Q1 2022, and we remain on track to deliver our financial targets.

Outlook

BFS has grown with and supported SMEs through a variety of economic cycles and sustained periods of uncertainty during the past four decades.

We recognise and continue to monitor macroeconomic and geopolitical developments closely including the conflict in Ukraine and the ongoing impacts of Covid-19 on SMEs. Owing to the countercyclical nature of the markets we operate within; we believe SME demand for working capital solutions will continue to rebound following the continued unwinding of government fiscal measures introduced during the pandemic.

The Russia-Ukraine conflict has imposed further inflationary pressures and supply shortages, and provides increased uncertainty in the economic outlook. BFS does not have direct exposure to clients in Russia, Belarus or Ukraine, but does have a presence in the neighbouring region through our Poland, Czech and Slovakia business units. Indirectly, in terms of the widespread global economic impact, we see elevated risks but also opportunity to support SMEs impacted by supply chain disruption, inflationary pressures and energy price rises.

Though market volatility and uncertainty remain, we will continue to leverage our vast experience of supporting the cashflow needs of SMEs as demand for financing options continues to return. **We are confident our strategy and business model, combined with the turnaround initiatives already delivered to return us to sustainable profitability, will continue to drive our successful business performance in the years ahead, creating benefits for all BFS stakeholders.**

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Strategic Report for the Year Ended 31 December 2021 (continued)

Financial performance

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

	Unit	2021	2020
Debts factored	£m	10,018	8,930
Funds advanced	£m	738	625
Turnover	£000	132,435	135,529
Interest payable and similar charges	£000	20,930	24,651
Profit / (Loss) before exceptional items and tax	£000	2,968	(8,762)
Profit / (Loss) before tax - both continuing and discontinued operations*	£000	255	(41,842)

*including £3.0m (2020: £33.1m) of exceptional costs detailed below.

BFS returned to profitability during the year with a profit before exceptional items and tax of £3.0m (2020: loss of £8.8m).

As Governments reduced Covid-19 restrictions throughout 2021 the economies in which we operate gradually began to open up. Customer demand for finance increased steadily, particularly in the second half of the year, with SMEs continuing to benefit from government funding and support measures. As a result, debts factored increased by 12% to £10.0bn (2020: £8.9bn), with year end funds advanced increasing gradually over the year to reach £738.3m (2020: £625.0m) by year end. Momentum built through the year in 2021, with second half turnover outperforming the first half by 10%, and growing 5% relative to the second half of 2020. Overall, annual revenue was 2% lower in 2021 compared to 2020, which benefited from 3 months of pre-pandemic trading conditions.

BFS profitability was further supported by lower cost of sales reducing £14.9m to £109.1m (2020: £124.0m) primarily reflecting the actions implemented during 2020 and 2021, our rigorous focus on cost management and lower credit impairments. Despite the Covid-19 restrictions and volatile macroeconomic environment, our credit performance was strong reflecting the diversified nature of our funds advanced and ongoing government support schemes for SMEs. Credit impairments were noticeably down on the prior year at 0.8% of average funds advanced (2020: 1.6%). Nevertheless, the full impact of Covid-19 remains highly uncertain.

Interest payable and similar charges decreased £3.7m to £20.9m for 2021 (2020: £24.7m) reflecting lower borrowing requirements and a lower cost of funds.

Following exceptional items, principally restructuring costs, for continuing and discontinued operations, profit before tax was £0.3m (2020: loss of £41.8m). These strategic initiatives are described in more detail in note 11 of the financial statements, and contributed to our resilient performance in the face of uniquely challenging market conditions leaving us well positioned for the future.

The group maintains adequate levels of capital, funding and liquidity with headroom in all key funding covenants, underpinning our ability to support the growing needs of SMEs. Total funding capacity for BFS was £1.1bn at 31 December 2021 (2020: £1.1bn). We extended our main UK securitisation facility in the final quarter of 2019 until August 2023, and in May 2022 we renewed our pan EurAsian “back-to-back” facility until March 2025. 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 impact of the Covid-19 pandemic, and subsequent to year end, the Ukraine/Russia conflict continues to affect the world, BFS and all its stakeholders. While the full impact of these global events unfolds, the Group has seen a promising increase in funding demands from clients throughout 2021 and into 2022. 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 the Principal Risks and Uncertainties section.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Risk management

Our approach

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, and 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 well managed by our Operational and Central Risk teams in 2021 with our bad debt charge being 0.8% (2020: 1.6%) of average funds advanced during the year.

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 authorised as a payments institution by the FCA to conduct Forex business in the UK.

Outside of these 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 endeavours 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 2021 (continued)

Principal risks and uncertainties

BFS operates geographically across Europe and in Asia, providing services to SMEs through operating companies established in clients' country of residence. These services are aligned to local legal frameworks and regulations.

Growth in the SME financing sector is largely influenced by two key factors: macroeconomics and business confidence. Current macroeconomic challenges facing BFS's client-base include the Covid-19 pandemic, the Ukraine crisis and Brexit.

While we have seen business confidence improve through 2021 as the impact of Covid-19 began to reduce in our key markets, the pandemic continues to pose challenges for SMEs in the form of recovering but still suppressed consumer demand, supply chain issues, energy price spikes and other inflationary pressures.

Since the year end geopolitical risk has escalated following the Russian invasion of Ukraine and the subsequent international response creating additional uncertainty over the macroeconomic outlook and further increasing challenges for SMEs, particularly inflationary pressures.

Whilst the impact on BFS remains low, Brexit has provided an opportunity for us to grow our funding support for those trading internationally through our Trade Finance, Export Finance and Foreign Exchange products. We continue to monitor this risk on an ongoing basis both centrally and through our international operating companies and are well positioned to support more importers and exporters over the years ahead.

Against these macro-economic risks, we remain confident in our business model and our strong experience of growing through various economic cycles by successfully supporting our clients through challenging times.

While the threat of the Ukrainian crisis poses significant direct challenges to businesses across Eastern Europe in particular, our exposure to SMEs and their debtors in Ukraine and Russia is limited, and we remain focused on supporting our clients and our people while adhering to our proven risk underwriting processes. Our UK and European teams continue to monitor the situation closely, reacting and adapting to its fluidity. A key priority for our Board is supporting our colleagues and clients in the region, in particular our teams in Poland, Slovakia, Czech Republic and Germany.

Across the group our client portfolio is well diversified with both clients and debtors well spread. Debtor concentrations remain low, and we have limited exposure to industries most impacted by the pandemic, such as retail and hospitality. We monitor and manage our exposure to all market risks through the application of strict underwriting processes when assessing the credit quality of our clients and their debtors, ongoing debtor reviews, and by operating strong governance processes both within our operational businesses and through the oversight and depth of experience within our central risk function.

We continue to maintain a good capital position with net assets of £125.0m (2020: £123.1m). We have a solid funding base, adequate funding covenant headroom, and strong funding relationships, principally through our UK Securitisation and Pan European facilities allowing us to continue to support our customers while meeting our own liquidity requirements.

Other key risks facing the business include Cyber and Data security and Colleague retention and recruitment. The cyber threat remains significant and prominent across all industries and Cyber security continues to be assessed as an integral part of operational resilience. BFS has significantly increased its investment in enhancing its protection against IT security threats, deploying a series of tools designed to identify and prevent network/system intrusions. This is further supported by documented and tested procedures intended to ensure the effective response to a security breach. Whilst IT security risks continue to evolve, the level of maturity of the Group's controls and defences continues to increase, supported by dedicated IT security specialists. During 2022, BFS has commissioned an independent review of the Group's Cyber threat resilience to assess the appropriateness of the actions being implemented, and inform the BFS IT Strategy going forward.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Colleagues remain critical to our success, and the failure to recruit and retain key talent would have an impact on business performance. The competition for talent remains fierce across our key markets as businesses emerge from the pandemic and review their business models including new ways of working. Engaged colleagues are vital if we are to maintain high levels of customer service and develop new products and services. We operate a culture where we engage, motivate and enable colleagues to achieve their potential. Inclusion and diversity, safety, health and well-being, training and career development are all essential parts of our culture to ensure we are meeting the needs of our people. In 2021, the group carried out its annual employee engagement survey which is designed to gauge how colleagues feel about working at BFS, what improvements can be made and identifying areas of excellence. Following the year end, we have transitioned colleague engagement surveys to a monthly cadence allowing more frequent and timely feedback, and as part of Project Compass have launched several initiatives to ensure we remain the employer of choice for our colleagues.

We continue to monitor and seek to manage the potential implications of all the above developments on our customers and business.

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 have revised our strategy as we aim to provide our clients with a high standard of service to better meet their needs.

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.

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 price risk, liquidity risk, capital adequacy, 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 transacts within a strong framework of internal governance 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.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

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.

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 2021.

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.

Bibby Financial Services Limited

Strategic Report for the Year Ended 31 December 2021 (continued)

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 consider 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.

The launch of Project Compass in 2021 reinforces our commitment to responsible business, and focuses on Environment, Communities, People and Customers, as covered earlier within the "Our Strategy" section within the Strategic Report.

Other key stakeholders include our Shareholders and Funders.

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 Executive 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 (2020: £nil).

Funders

BFS regularly communicates with the Group's key funders to discuss, update and seek feedback on the business, our strategy and financial performance.

In 2021, we continued to build on the strong relationships we have with our core funders throughout the UK, Europe and Asia through regular touch points, and a series of formal updates on our strategy and performance.

Our UK securitisation facility runs through to August 2023 with renewal discussions commencing shortly and, in May 2022, BFS renewed its Pan EurAsian facility for a further two years to March 2025.

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Strategic Report for the Year Ended 31 December 2021 (continued)

Summary

The 2021 year was a period of strategic recalibration and financial stabilisation for BFS. The business is now serving customers better, is more agile, with improved collaboration between colleagues and teams. The turnaround initiatives delivered in 2020 and 2021 provide BFS with a structurally lower cost base, the introduction of our new BFS 4.0 strategy provides a clear vision, and stronger underlying trading momentum built up during the second half of 2021, have all returned the business to modest profitability despite a challenging year.

While we continue to monitor and react to the risks and opportunities of the current macroeconomic landscape and geopolitical developments, the business is well positioned for future growth as the recovery from the pandemic continues and our strategic initiatives are delivered in 2022 and beyond.

Approved by the Board on 1 June 2022 and signed on its behalf by:



.....
Jonathan Andrew - Chief Executive Officer

Bibby Financial Services Limited

Directors' Report for the Year Ended 31 December 2021

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2021.

Directors of the Group

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

Jonathan Lewis - Chair, Managing Director of Bibby Line Group with effect from 1 January 2021

Jonathan Andrew - Chief Executive Officer

Geoffrey Bibby - Non Executive Director, family member and Bibby Line Group Director (appointed 1 January 2021)

Simon Perry - Independent Non Executive Director and Chair of Audit Committee (appointed 22 March 2021)

Theovinder Chatha - Chief Financial Officer

Ian Ramsden - Chief Risk Officer

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

Sir Michael Bibby (appointed 1 January 2021 and resigned 1 January 2022)

*David Anderson was appointed for a short period to chair an Audit Committee meeting after which Simon Perry was appointed as a Director and Chair of the Audit Committee.

Composition of the Board

The Board is comprised of individuals selected to provide the optimal balance of independent governance, relevant experience, and expertise, alongside representation of the Bibby family interests, Bibby Line Group as shareholder, and key BFS executives.

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 2021 (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 forecast scenario's, particularly given the impacts of Covid-19 and the developing Russia/Ukraine conflict. 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 contains information on how the Directors have had regard to the need to foster the Group's business relationships with key stakeholders, and the effect of that regard.

The Strategic report also contains information on the Groups policy for employment of disabled people, the action taken to engage with employees and information on the Groups emissions and energy consumption and SECR reporting.

Stakeholders

As outlined in the Strategic Report, 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 gather feedback on our activities.

Corporate responsibility

Our approach to corporate responsibility has been integral to how we operate for forty years, enabling us to operate and grow in a responsible and ethical manner, and contribute positively to the communities around us. Although not a requirement to report on Corporate Governance, BFS is committed to good corporate governance with the Directors having regard to the Wates Corporate Governance Principles.

In 2021, as covered in the Strategic Report, we launched Project Compass which has further accelerated our progress with Corporate Social Responsibility (CSR). The four points of Compass are People, Environment, Community and Customer, the first three of which now form our CSR and Environmental, Social and Governance (ESG) strategies.

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

Bibby Financial Services Limited

Directors' Report for the Year Ended 31 December 2021 (continued)

Social and community issues

BFS recognise that we have the opportunity to strive for 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. Our response to social and community issues is covered in the Strategic report.

Non adjusting events after the financial period

On 24 February 2022 Russian Forces entered Ukraine, resulting in a response from the international community including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event. The Directors have taken account of these potential impacts in their going concern assessment.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Approved by the Board on 1 June 2022 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 2021 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:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and, have been prepared in accordance with the requirements of the Companies Act 2006.

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 and financial statements, 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.

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 this gives rise to a material misstatement in the financial statements themselves. 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 their 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.

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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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 considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and the Parent Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;

Inspecting correspondence, if any, with relevant licensing or regulatory authorities;

Communicating identified laws and regulations to the 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.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

Bibby Financial Services Limited

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

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks 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, revenue recognition, impairment of financial assets and significant one-off or unusual transactions.

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. This description forms part of our auditor's report.

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 1, 2022 16:56 GMT+1)

.....
Rudi Lang (Senior Statutory Auditor)
For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
United Kingdom
EC4M 7AU

1 June 2022

Bibby Financial Services Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2021

	Note	2021 Total £ 000	2020 Continuing operations £ 000	2020 Discontinued operations £ 000	2020 Total £ 000
Turnover	3	132,435	135,529	3,023	138,552
Other operating income	4	80	1,212	-	1,212
Cost of sales		<u>(109,096)</u>	<u>(121,395)</u>	<u>(2,651)</u>	<u>(124,046)</u>
Operating profit	5	<u>23,419</u>	<u>15,346</u>	<u>372</u>	<u>15,718</u>
Other interest receivable and similar income	9	483	543	-	543
Interest payable and similar charges	10	<u>(20,934)</u>	<u>(24,651)</u>	<u>(365)</u>	<u>(25,016)</u>
		<u>(20,451)</u>	<u>(24,108)</u>	<u>(365)</u>	<u>(24,473)</u>
Profit/(loss) before exceptional items and tax		2,968	(8,762)	7	(8,755)
Exceptional items	11	(3,005)	(31,387)	-	(31,387)
Profit/(loss) on disposal of operations	11	<u>292</u>	<u>-</u>	<u>(1,700)</u>	<u>(1,700)</u>
Profit/(loss) before tax		255	(40,149)	(1,693)	(41,842)
Taxation	12	<u>4,196</u>	<u>(223)</u>	<u>57</u>	<u>(166)</u>
Profit/(loss) for the financial year		<u><u>4,451</u></u>	<u><u>(40,372)</u></u>	<u><u>(1,636)</u></u>	<u><u>(42,008)</u></u>

The notes on pages 30 to 64 form an integral part of these financial statements.

Bibby Financial Services Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2021

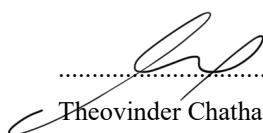
	2021 £ 000	2020 £ 000
Profit/(loss) for the year	4,451	(42,008)
Foreign currency (losses)/gains	<u>(2,617)</u>	<u>1,773</u>
Total comprehensive profit / (loss) for the year attributable to equity shareholders	<u><u>1,834</u></u>	<u><u>(40,235)</u></u>

The notes on pages 30 to 64 form an integral part of these financial statements.

Bibby Financial Services Limited
(Registration number: 03530461)
Consolidated Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Intangible assets	14	4,591	11,123
Tangible assets	15	7,308	10,282
		<u>11,899</u>	<u>21,405</u>
Current assets			
Debtors	17	931,326	854,146
Cash at bank and in hand	16	50,564	75,191
		981,890	929,337
Creditors: Amounts falling due within one year	18	<u>(230,996)</u>	<u>(429,002)</u>
Net current assets		<u>750,894</u>	<u>500,335</u>
Total assets less current liabilities		762,793	521,740
Creditors: Amounts falling due after more than one year	18	<u>(637,813)</u>	<u>(398,594)</u>
Net assets		<u><u>124,980</u></u>	<u><u>123,146</u></u>
Capital and reserves			
Called up share capital	19	62,600	62,600
Profit and loss account		<u>62,380</u>	<u>60,546</u>
Shareholders' funds		<u><u>124,980</u></u>	<u><u>123,146</u></u>

Approved and authorised by the Board on 1 June 2022 and signed on its behalf by:



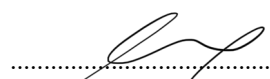
 Theovinder Chatha - Chief Financial Officer
 Director

Bibby Financial Services Limited
(Registration number: 03530461)
Company Balance Sheet as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Investments	13	77,850	77,850
Intangible assets	14	4,446	10,942
Tangible assets	15	<u>5,359</u>	<u>7,892</u>
		<u>87,655</u>	<u>96,684</u>
Current assets			
Debtors	17	36,453	28,889
Creditors: Amounts falling due within one year	18	<u>(81,753)</u>	<u>(69,915)</u>
Net current liabilities		<u>(45,300)</u>	<u>(41,026)</u>
Total assets less current liabilities		42,355	55,658
Creditors: Amounts falling due after more than one year	18	<u>(1,279)</u>	<u>(4,981)</u>
Net assets		<u>41,076</u>	<u>50,677</u>
Capital and reserves			
Called up share capital	19	62,600	62,600
Profit and loss account		<u>(21,524)</u>	<u>(11,923)</u>
Shareholders' funds		<u>41,076</u>	<u>50,677</u>

The Company loss for the year as reported in the Company Statement of Changes in Equity is £9,601,000 (2020: £39,037,000).

Approved and authorised by the Board on 1 June 2022 and signed on its behalf by:



 Theovinder Chatha - Chief Financial Officer
 Director

Bibby Financial Services Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	62,600	60,546	123,146
Profit for the year	-	4,451	4,451
Other comprehensive income	-	(2,617)	(2,617)
Total comprehensive expense	-	1,834	1,834
At 31 December 2021	62,600	62,380	124,980

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

The notes on pages 30 to 64 form an integral part of these financial statements.

Bibby Financial Services Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2021	62,600	(11,923)	50,677
Loss for the year	-	(9,601)	(9,601)
At 31 December 2021	62,600	(21,524)	41,076

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

The notes on pages 30 to 64 form an integral part of these financial statements.

Bibby Financial Services Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Profit/(loss) for the year		4,451	(42,008)
Adjustments to cash flows from non-cash items			
Depreciation, amortisation and impairment of fixed assets	5	10,042	16,028
Loss on disposal of fixed assets	14, 15	-	17,166
Loss on disposal of fixed assets - discontinued operations	14, 15	-	3,371
(Profit)/loss from disposals of discontinued operations	11	(292)	1,700
Interest receivable and similar income	9	(483)	(543)
Interest payable and similar charges	10	20,934	25,016
Taxation	12	(4,196)	166
		30,456	20,896
Working capital adjustments			
(Increase)/decrease in trade debtors		(82,954)	177,957
(Decrease)/increase in trade creditors		(43,719)	66,479
Cash generated by operations		(96,217)	265,332
Corporation tax paid		(1,885)	(2,210)
Net cash flow from operating activities		(98,102)	263,122
Cash flows from investing activities			
Interest received		253	294
Acquisition of tangible fixed assets		(138)	(2,237)
Acquisition of intangible fixed assets		(444)	(1,528)
Net proceeds from disposal of operations		292	30,747
Net cash flows from investing activities		(37)	27,276
Cash flows from financing activities			
Interest paid		(20,934)	(25,016)
(Repayment of) / proceeds from draw down of existing borrowing facilities		104,470	(255,432)
Loan made to parent company		(266)	(3,000)
Proceeds from placement of finance lease arrangements		131	1,440
Repayments of finance leases		(5,193)	(3,457)
Net cash flows from financing activities		78,208	(285,465)
Net (decrease)/increase in cash and cash equivalents		(19,931)	4,933
Cash and cash equivalents at 1 January		64,055	58,848
Effect of exchange rate fluctuations on cash held		(3,831)	274
Cash and cash equivalents at 31 December	16	40,293	64,055

The notes on pages 30 to 64 form an integral part of these financial statements.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021

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 the immediate and ultimate parent, 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).

These financial statements were authorised for issue by the Board on 1 June 2022.

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 group and individual financial statements of Bibby Financial Services Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, and the Companies Act 2006.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group and company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed on pages 40 and 41. The company has taken advantage of the exemption in section 408 of the Companies Act from presenting its individual profit and loss account.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

Exemptions for qualifying entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to conditions. The company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the company's cash flows;
- from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings together with the group's share of the results of associates made up to 31 December 2021. A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary. Where a subsidiary has different accounting policies to the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements. An associate is an entity, being neither a subsidiary nor a joint venture, in which the group holds a long-term interest and where the group has significant influence.

The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting. Any subsidiary undertakings or associates sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively. Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated income statement. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Adjustments are made to eliminate the profit or loss arising on transactions with associates to the extent of the group's interest in the entity.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon a disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation has been discontinued from the start of the comparative period.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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 ongoing Covid-19 pandemic and the Russia/Ukraine war 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 increase in global economic activity as Covid-19 restrictions are eased, have been positively impacted. In an economic downturn the group is 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 2021 stood at £676.3m and £50.6m respectively. The facilities are available for at least 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 and will not be withdrawn immediately.

In response to such conditions the Directors have carefully considered its principal risks including those arising from Covid-19 and the Russia/Ukraine war. This includes an assessment of any uncertainty on the viability of the Group's business model and the extent to which it 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.

Based on these assessments, 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 cash position of the Group 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.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

Foreign currency

i. Functional and presentational currency

The group financial statements are presented in pound sterling and rounded to thousands. The company's functional and presentation currency is the pound sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

iii. Translation

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in Other comprehensive income.

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.

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.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Investments - Company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (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 up to 5 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:

- a) The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- b) Its intention to complete the intangible asset and use or sell it.
- c) Its ability to use or sell the intangible asset.
- d) 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.
- e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- f) 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.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

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.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (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.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

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.

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.

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 2021 (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 2021 (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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends and other distributions to the group's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

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.

The Group pays contributions to 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 2021 (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 £30.4m (2020: £56.9m), against which impairment provisions totalled £25.0m (2020: £27.6m). See Note 23 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 £2.5m (2020: £2.7m) 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 (2020: £0.4m) decrease / increase in the level of provision required.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (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 £1.6m (2020: £5.5m) 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.

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 £2.7m (2020: £2.8m) which are deferred for amortisation over the term of the leases, which typically extend up to five years. During the year £1.2m (2020: £1.3m) 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 (2020: £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 (2020: £0.4m) reduction in turnover. In the current year, £0.8m (2020: £0.7m) of cash suspense income was recognised in turnover.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

3 Turnover

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

	2021 £ 000	2020 £ 000
United Kingdom	88,611	92,187
Rest of Europe	41,735	40,850
Asia Pacific	2,089	2,492
North America - discontinued operations	-	3,023
	<u>132,435</u>	<u>138,552</u>

4 Other operating income

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

	2021 £ 000	2020 £ 000
Government grants	<u>80</u>	<u>1,212</u>

5 Operating profit

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

	2021 £ 000	2020 £ 000
Amortisation of intangible fixed assets	6,969	13,293
Depreciation of tangible fixed assets	3,073	2,735
Impairment of financial assets - bad debt charge	5,334	10,654
Operating lease payments recognised as an expense	<u>3,947</u>	<u>3,626</u>

6 Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of these financial statements	319	310
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>321</u>	<u>312</u>
	<u>640</u>	<u>622</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £ 000	2020 £ 000
Remuneration	1,086	1,613
Contributions paid to defined contribution pension schemes	18	17
Compensation for loss of office	-	248
	<u>1,104</u>	<u>1,878</u>

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

	2021 No.	2020 No.
Accruing benefits under defined contribution pension schemes	<u>1</u>	<u>1</u>

In respect of the highest paid director:

	2021 £ 000	2020 £ 000
Remuneration	<u>552</u>	<u>832</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

8 Staff costs

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

	2021 £ 000	2020 £ 000
Wages and salaries	46,653	52,398
Social security costs	6,483	7,834
Pension costs	1,815	2,129
	<u>54,951</u>	<u>62,361</u>

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

	2021 No.	2020 No.
United Kingdom	573	741
Rest of Europe	332	339
North America - discontinued operations	-	23
Asia Pacific	15	16
	<u>920</u>	<u>1,119</u>

9 Other interest receivable and similar income

	2021 £ 000	2020 £ 000
Bank interest receivable	4	353
Interest receivable from parent company	479	190
	<u>483</u>	<u>543</u>

10 Interest payable and similar charges

	2021 £ 000	2020 £ 000
Interest on bank overdrafts and borrowings	20,701	24,451
Interest on obligations under finance leases and hire purchase contracts	233	565
	<u>20,934</u>	<u>25,016</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

11 Exceptional items

	2021 £ 000	2020 £ 000
UK Restructuring	3,005	7,501
North American operations disposal	(292)	1,700
Fixed Asset writedown	-	20,955
Coverly	-	2,931
	<u>2,713</u>	<u>33,087</u>

UK Restructuring - BFS underwent significant restructuring including redundancies and office closures. BFS is recognising £3.0m (2020: £7.5m) in relation to these activities.

North American operations disposal - On 29 February 2020, BFS completed on the sale of its North American business, Bibby Financial Services (Holdings), Inc. BFS recorded a £0.3m gain (2020: £1.7m loss) on disposal including transaction costs. The comparative figures have been restated to show separately the results of the discontinued operation in the prior period.

Fixed Asset writedown - Following a review of its technology investment strategy, BFS wrote down £nil (2020: £21.0m) of fixed assets in 2021. There was limited cash impact of the prior year write down.

Coverly - BFS ceased trading on its insurance business Coverly Limited. BFS is recognising £nil (2020: £2.9m) exceptional costs in relation to the closing down of the business.

12 Taxation

Tax charged:

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	127	-
Foreign tax	<u>2,264</u>	<u>1,768</u>
Total current income tax	<u>2,391</u>	<u>1,768</u>
Deferred taxation		
Arising from origination and reversal of timing differences*	1,150	(3,111)
Adjustments to prior period	(2,806)	2,658
Arising from change in tax rate	<u>(4,931)</u>	<u>(1,149)</u>
Total deferred taxation	<u>(6,587)</u>	<u>(1,602)</u>
Tax (credit)/charge for the year	<u>(4,196)</u>	<u>166</u>

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

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%). The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit/(loss) before tax	<u>255</u>	<u>(41,842)</u>
Corporation tax at standard rate	48	(7,950)
Effect of expense not deductible in determining taxable profit	(38)	(1,913)
Deferred tax (credit) / expense relating to changes in tax rates	(5,765)	(1,149)
Trading losses carried forward and other timing differences	3,903	8,192
Tax increase arising from higher rates of tax suffered on foreign territory earnings	306	270
Other tax effects for reconciliation between accounting profit and taxable profit	156	59
Decrease in tax from net adjustments for prior periods	<u>(2,806)</u>	<u>2,657</u>
Tax (credit)/charge for the year	<u>(4,196)</u>	<u>166</u>

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.

It was announced in the March 2021 Budget that the main corporation tax rate will increase to 25% from 1 April 2023. At the balance sheet date this has been enacted and therefore deferred tax has been recognised at the rates that are expected to apply to the reversal of the timing differences.

As at 31 December 2021 the Group has unused tax losses amounting to £37.8m for which no deferred tax asset has been recognised. These tax losses are not expected to expire.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

Deferred tax

Group

	Asset £ 000
2021	
Differences between capital allowances and depreciation	15,700
Trading losses	4,884
Other timing differences	163
	<u>20,747</u>
	Asset £ 000
2020	
Differences between capital allowances and depreciation	9,798
Trading losses	4,181
Other timing differences	180
	<u>14,159</u>

Company

	Asset £ 000
2021	
Differences between capital allowances and depreciation	14,604
Trading losses	4,271
	<u>18,875</u>
	Asset £ 000
2020	
Differences between capital allowances and depreciation	9,238
Trading losses	2,799
	<u>12,037</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

13 Investments

Company

	2021 £ 000	2020 £ 000
Investments in subsidiaries	<u>77,850</u>	<u>77,850</u>

The 2020 Company investments in subsidiaries balance has been represented to include a previously omitted increase in investment in Bibby FS (Holdings) Limited in 2016. This adjustment increases investments by £16.0m and increases amounts due to group undertakings by £16.0m as at 31 December 2020 for BFS company only (Note 18), with no impact on Shareholder's Funds or 2020 profit and loss. There is no impact to the consolidated balance sheet or consolidated profit and loss for either years.

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

	Goodwill £ 000	Software and development £ 000	Total £ 000
Cost			
At 1 January 2021	15,251	37,447	52,698
Additions	-	444	444
Disposals	-	(20)	(20)
Exchange differences	-	(62)	(62)
At 31 December 2021	<u>15,251</u>	<u>37,809</u>	<u>53,060</u>
Amortisation and impairment			
At 1 January 2021	15,251	26,324	41,575
Amortisation charge for the year	-	6,969	6,969
Amortisation eliminated on disposals	-	(20)	(20)
Exchange differences	-	(55)	(55)
At 31 December 2021	<u>15,251</u>	<u>33,218</u>	<u>48,469</u>
Carrying amount			
At 31 December 2021	<u>-</u>	<u>4,591</u>	<u>4,591</u>
At 31 December 2020	<u>-</u>	<u>11,123</u>	<u>11,123</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

Company

	Software and development £ 000
Cost	
At 1 January 2021	36,224
Additions	373
At 31 December 2021	36,597
Amortisation	
At 1 January 2021	25,282
Amortisation charge	6,869
At 31 December 2021	32,151
Carrying amount	
At 31 December 2021	4,446
At 31 December 2020	10,942

The Company has one significant item of software recorded in both the individual and Consolidated Balance Sheet. The asset has a carrying amount of £1,592,000 (2020: £3,949,000) as at the end of the financial year and the remaining amortisation period is 17 months.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

15 Tangible fixed assets

Group

	Office equipment £ 000	Leasehold improvements £ 000	Total £ 000
Cost			
At 1 January 2021	12,653	7,482	20,135
Additions	127	11	138
Disposals	(323)	-	(323)
Foreign exchange movements	(60)	(50)	(110)
At 31 December 2021	12,397	7,443	19,840
Depreciation			
At 1 January 2021	7,517	2,336	9,853
Charge for the year	2,234	839	3,073
Eliminated on disposal	(323)	-	(323)
Foreign exchange movements	(64)	(7)	(71)
At 31 December 2021	9,364	3,168	12,532
Carrying amount			
At 31 December 2021	3,033	4,275	7,308
At 31 December 2020	5,136	5,146	10,282

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

Company

	Office equipment £ 000	Leasehold improvements £ 000	Total £ 000
Cost			
At 1 January 2021	8,293	6,327	14,620
Additions	122	-	122
At 31 December 2021	8,415	6,327	14,742
Depreciation			
At 1 January 2021	4,706	2,022	6,728
Charge for the year	1,968	687	2,655
At 31 December 2021	6,674	2,709	9,383
Carrying amount			
At 31 December 2021	1,741	3,618	5,359
At 31 December 2020	3,587	4,305	7,892

Included within office equipment in both the individual and Consolidated Balance sheet are assets with a net book value of £447,000 (2020: £633,000) 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 £369,000 (2020: £492,000) that are held on finance leases.

16 Cash and cash equivalents

	Group		Company	
	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
Cash at bank	50,564	75,191	-	-
Bank balances	50,564	75,191	-	-
Bank overdrafts recorded within creditors	(10,271)	(11,136)	(179)	(226)
Cash and cash equivalents in statement of cash flows	40,293	64,055	(179)	(226)

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

17 Debtors

		Group		Company	
	Note	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
Trade debtors		828,722	745,883	-	-
Finance lease receivables		40,126	50,533	-	-
Derivative financial instruments held at fair value	23	628	1,199	-	-
Amounts owed by ultimate parent undertakings or controlled group undertakings		16,005	15,739	16,005	15,739
Prepayments		7,927	9,355	1,029	72
Other debtors		17,171	17,278	544	1,041
Deferred tax assets	12	20,747	14,159	18,875	12,037
Total current trade and other debtors		<u>931,326</u>	<u>854,146</u>	<u>36,453</u>	<u>28,889</u>

		Group	
	Note	2021 £ 000	2020 £ 000
Assigned debts receivable		1,291,789	1,154,266
Impairment provision	23	(22,335)	(27,093)
Less deferred assignment consideration owed to factoring clients where there is a full right of recourse		<u>(440,732)</u>	<u>(381,290)</u>
Total trade debtors		<u>828,722</u>	<u>745,883</u>

		Group	
	Note	2021 £ 000	2020 £ 000
Gross finance receivables		42,750	51,002
Impairment provision	23	<u>(2,624)</u>	<u>(469)</u>
Total finance lease receivables		<u>40,126</u>	<u>50,533</u>

Included within finance leases receivables is £14,021,000 (2020: £16,821,000) which falls due after more than one year.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

18 Creditors

		Group		Company	
	Note	2021 £ 000	2020 £ 000	2021 £ 000	2020 £ 000
Due within one year					
Loans and borrowings	23	38,521	193,084	2,358	5,679
Derivative financial instruments held at fair value	23	252	942	-	-
Amounts due to group undertakings		-	-	74,542	60,123
Trade creditors		169,536	210,584	390	379
Social security and other taxes		5,022	6,221	397	764
Corporation tax		968	461	-	-
Accrued expenses		16,697	17,710	4,066	2,970
		230,996	429,002	81,753	69,915
Due after one year					
Loans and borrowings	23	637,813	398,594	1,279	4,981

19 Share capital

Allotted, called up and fully paid shares

	2021		2020	
	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>

20 Obligations under operating leases

Group

Operating leases

The total of future minimum lease payments is as follows:

	2021 £ 000	2020 £ 000
Not later than one year	3,479	3,852
Later than one year and not later than five years	7,363	8,439
Later than five years	<u>1,970</u>	<u>3,587</u>
	<u>12,812</u>	<u>15,878</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

Company

Operating leases

The total of future minimum lease payments is as follows:

	2021 £ 000	2020 £ 000
Not later than one year	787	1,046
Later than one year and not later than five years	2,113	1,939
Later than five years	450	1,091
	<u>3,350</u>	<u>4,076</u>

21 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 surplus / deficit in the Scheme and makes contributions in line with a schedule of contributions agreed with the Trustees of the pension scheme.

A Scheme surplus of £2,624,000 (2020: £2,242,000 deficit) is noted in the financial statements of the principal employer, Bibby Line Group Limited. Bibby Line Group is legally responsible for the plan. 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 defined contribution pension plans and amounts £1,815,000 (2020: £2,129,000).

22 Financial guarantee contracts

Group

The Group has provided £839,000 (2020: £778,000) 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 2021 (continued)

23 Financial instruments

Group

Financial instrument objectives and policies are reported in the Strategic Report on pages 11 and 12 of the Annual Report. The following table summarises the financial instruments of the Group included in the Consolidated Balance Sheet:

Categorisation of financial instruments

	2021 £ 000	2020 £ 000
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	868,848	796,416
Other financial assets including other debtors and cash and cash equivalents, that are measured at amortised cost	66,569	90,930
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	628	1,199
	<u>936,045</u>	<u>888,545</u>
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	674,401	584,683
Financial liabilities that are external finance lease and hire purchase agreements, secured on underlying plant, equipment and intangible assets recorded in fixed assets	1,933	6,995
Other financial liabilities, including trade and other payables that are measured on an amortised cost basis	169,536	210,584
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	252	942
	<u>846,122</u>	<u>803,204</u>

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 2021 (continued)

	Group	
	2021 £ 000	2020 £ 000
Performing	863,365	767,009
Non-performing	30,442	56,942
Impairment provision	<u>(24,959)</u>	<u>(27,562)</u>
Total financial assets that are trade debtors and finance lease receivables and measured at amortised cost	<u>868,848</u>	<u>796,389</u>

	Group	
	2021 £ 000	2020 £ 000
Provision for impairment of financial assets, being trade debtors and finance lease receivables, at 1 January	27,562	26,597
New provisions charged to profit and loss	5,334	10,654
Financial assets written off	(6,873)	(8,947)
Recoveries on previous financial assets written off	(660)	(833)
Exchange differences	<u>(404)</u>	<u>91</u>
Provision for impairment of financial assets, being trade debtors and finance lease receivables, at 31 December	<u>24,959</u>	<u>27,562</u>

Credit quality of derivative financial instruments

	2021 £ 000	2020 £ 000
Derivative contracts with a positive fair value recorded within debtors		
Derivatives bought from BBB rated financial currency vendors	469	189
Derivatives sold to counterparties without published external credit rating	<u>159</u>	<u>1,010</u>
	<u>628</u>	<u>1,199</u>
Derivative contracts with a negative fair value recorded within creditors due within 1 year		
Derivatives bought from BBB rated financial currency vendors	(113)	(920)
Derivatives sold to counterparties without published external credit rating	<u>(139)</u>	<u>(22)</u>
	<u>(252)</u>	<u>(942)</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (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:

	Group	
	2021	2020
	£ 000	£ 000
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	327,875	220,852
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	24,221	34,214
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	204,858	212,568
Various Asia Pacific credit facilities, secured against book debts and floating charges over assets over certain subsidiaries. Facilities carry variable interest above interbank rates	10,922	8,385
Various asset amortising loans of the Company, secured on equipment recorded within tangible fixed assets and software recorded in intangible fixed assets	1,525	3,664
Finance leases of the Company, secured on equipment recorded within tangible fixed assets and software recorded in intangible fixed assets	1,933	6,995
	<u>676,334</u>	<u>591,678</u>

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:

	Within 1 to 12	Within 1 to 5	Greater than 5	Total
	months	years	years	£ 000
	£ 000	£ 000	£ 000	
Bank overdrafts	10,271	-	-	10,271
Senior and junior funding notes	-	432,875	-	432,875
Bank loans	27,307	203,948	-	231,255
Finance leases	943	990	-	1,933
Derivative financial instruments	252	-	-	252
Trading and other payables	192,223	-	-	192,223
	<u>230,996</u>	<u>637,813</u>	<u>-</u>	<u>868,809</u>

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (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 £5,000,000 (2020: £4,600,000) higher. Conversely, if Sterling strengthened 10% against the world's major currencies, shareholders' funds would be £4,200,000 (2020: £3,800,000) lower.

24 Parent and ultimate parent undertaking

The company's immediate and ultimate 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.

25 Non adjusting events after the financial period

On 24 February 2022 Russian Forces entered Ukraine, resulting in a response from the international community including announcements of sanctions against Russia and Russian interests worldwide and an economic ripple effect on the global economy. The Directors have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and have concluded that this is a non-adjusting post balance sheet event. The Directors have taken account of these potential impacts in their going concern assessment.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (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 2021.

Undertaking	Country of incorporation	Holding	Voting rights and shares held	
			2021	2020
Subsidiary undertakings				
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 2021 (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 2021 (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 2021 (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 2021 (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 160 Avenue Jean Jaures, 69007, Lyon, 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 505/118, 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, Slovakia.

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 B-583, Sushant Lok Phase I, Near Park Plaza, Gurugram, Haryana, India.

The principal activity of Bibby Factoring Services (Malaysia) Sdn Bhd is debt factoring. The address of its registered office is Unit C-12-5 Level 12 Block C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450, Kuala Lumpur, Malaysia.

The principal activity of Bibby Financial Services (Asia) Limited is debt factoring. The address of its registered office is 14th Floor, Golden Centre, 188 Des Voeux Road Central, Hong Kong.

Bibby Financial Services Limited

Notes to the Financial Statements for the Year Ended 31 December 2021 (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.