

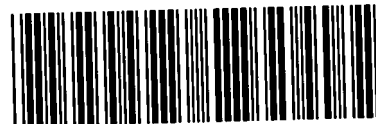
Registration number: 588708

# Bibby Leasing Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2018

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# **Bibby Leasing Limited**

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# **Bibby Leasing Limited**

## **Company Information**

|                          |                                                                  |
|--------------------------|------------------------------------------------------------------|
| <b>Directors</b>         | Ian John Wilkins                                                 |
|                          | Ian Downing                                                      |
|                          | Ian Stuart Ramsden                                               |
| <b>Company secretary</b> | Bibby Bros. & Co. (Management) Limited                           |
| <b>Registered office</b> | 105 Duke Street<br>Liverpool<br>L1 5JQ                           |
| <b>Auditors</b>          | Deloitte LLP<br>Statutory Auditor<br>Liverpool<br>United Kingdom |

## **Bibby Leasing Limited**

### **Strategic Report for the Year Ended 31 December 2018**

Bibby Leasing Limited is one of a network of companies owned by Bibby Financial Services (BFS), the UK's leading independent invoice finance and asset finance specialist and a trusted provider of funding solutions to over 7,000 businesses. Through a network of companies and local offices, the group handles annual client turnover of £5 billion and advances in the region of £500m to small and medium sized businesses throughout the UK. We are members of UK Finance and support businesses in over 300 industry sectors. BFS is approved to undertake regulated activities through Bibby Leasing Limited, which is authorised by the Financial Conduct Authority (FCA) for consumer credit and consumer hire.

#### **Principal activity**

The principal activity of the company is to provide asset finance solutions through asset based leasing, refinancing and hire purchase offerings to our clients

#### **Fair review of the business**

The Company has maintained a strong trading performance. The capital value of leases originated in the year was £25.2m (2017: £25.3m) and the value of capital written in the year has fallen 9%. The decrease is mainly due to prevailing market conditions. Client impairment performance is improved.

The markets in which we operate are characterised by increasing competition and margin pressure. We have ambitious plans for the business and are increasing our investment in people, technology and products to turn the plans into reality. The company's strategic plan is to increase origination and we have the funding facilities in place to grow.

The Company's key financial and other performance indicators during the year were as follows:

|                   | Unit | 2018       | 2017       |
|-------------------|------|------------|------------|
| Turnover          | £    | 10,329,432 | 10,666,317 |
| Operating profit  | £    | 6,300,494  | 6,328,350  |
| Profit before tax | £    | 4,223,758  | 4,100,103  |

The company has made claim to losses from other subsidiary undertakings of its ultimate parent undertaking, Bibby Line Group Limited a diverse business-to-business service conglomerate, thereby reducing its corporation tax charge and increasing retained profit.

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

Key risk types are strategic, operational, credit and financial. Risk management, robust governance and internal control are central to the way we manage all aspects of our business. Our responsible practices underpin our values and culture and enable us to grow the business in a disciplined and sustainable way. We are regulated by the Financial Conduct Authority (FCA) for consumer credit and consumer hire.

Group risk management processes and systems manage, rather than eliminate, risk. The risk management framework represented by 'three lines of defence', reviews the key risks facing the Company and is responsible for effectively managing and mitigating risk outcomes to ensure the continuing profitability and success of the Company.

The first line of defence for risk management is placed at the business level. A significant role of the business managers is to ensure risks are managed appropriately and effectively. Executive management support forms the second line of defence and independently assesses all material risks. The third line, which includes Group internal audit, and the Group Audit Committee, independently reviews and challenges the Company's risk management controls, processes and systems.

## **Bibby Leasing Limited**

### **Strategic Report for the Year Ended 31 December 2018 (continued)**

The Company is responsible for operational risk management. Operational risk incidents are recorded on a centralised reporting system. Incidents are managed from the Company to ensure they are satisfactorily categorised and analysed to identify trends and establish lessons learnt on the effectiveness of controls. The Company complies with a recurring operational audit which seeks to identify weaknesses and areas for improvement. The results of these audits are reported to the Board.

#### **Financial instruments**

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

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

##### ***Price risk, credit risk, liquidity risk and cash flow risk***

###### **Price risk:**

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

###### **Credit risk:**

Credit risk is defined as the risk of loss in relation to financing provided to clients. The Company is provided with appropriate levels of credit discretion. Credit exposures above these levels set are only approved by Senior Group Underwriters, Group Regional CEO and Group 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 Company uses Group system generated risk monitoring and internal rating processes. However, the Company does not seek to rely on quantitative models to assess credit risk but uses fundamental credit analysis as the basis for risk decisions.

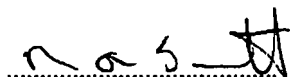
###### **Liquidity risk:**

Liquidity risk is assessed within the Group's central treasury and capital management policy framework on a regular basis. The Group maintains cash defences to accommodate potential perceived demands on liquidity arising from losses and other scenarios.

###### **Cash flow risk:**

Capital adequacy is assessed by the Board and Group on a regular basis to ensure that the business has adequate capital to withstand potential losses and provide creditors with adequate protection. Block funding lines are maintained to ensure sufficient funding is available to facilitate writing new leases and hire purchase contracts.

Approved by the Board on 28 June 2019 and signed on its behalf by:



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

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

## **Bibby Leasing Limited**

### **Directors' Report for the Year Ended 31 December 2018**

The Directors present their report and the financial statements for the year ended 31 December 2018.

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

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

Ian John Wilkins

Ian Downing

Ian Stuart Ramsden (appointed 12 April 2018)

#### **Directors' liabilities**

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

#### **Going concern**

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

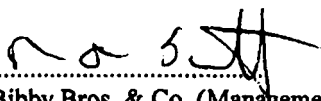
#### **Future developments**

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.

#### **Disclosure of information to the auditors**

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

Approved by the Board on 28 June 2019 and signed on its behalf by:



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

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

## **Bibby Leasing 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 FRS 102 'The Financial Reporting Standard applicable in the United Kingdom 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Bibby Leasing Limited**

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

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

##### **Opinion on the financial statements**

In our opinion the financial statements of Bibby Leasing ('the Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements for the year ended 31 December 2018 which comprise the Statement of Income and Retained Earnings, the Balance Sheet, and the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **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 Financial Reporting Council's (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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

## **Bibby Leasing Limited**

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

#### **Other information**

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

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

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

#### **Auditors 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 these financial statements.

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

#### **Report on legal and regulatory requirements**

##### **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 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 has been prepared in accordance with applicable legal requirements.

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

## **Bibby Leasing Limited**

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

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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

We have nothing to report in respect of these matters.

#### **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.

*M. R. Watson*

.....

Martin Watson ACA (Senior Statutory Auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
Liverpool  
United Kingdom

28 June 2019

## Bibby Leasing Limited

### Statement of Income and Retained Earnings for the Year Ended 31 December 2018

|                                              | Note | 2018<br>£                | 2017<br>£                |
|----------------------------------------------|------|--------------------------|--------------------------|
| Turnover                                     | 3    | 10,329,432               | 10,666,317               |
| Operating costs                              |      | <u>(4,028,938)</u>       | <u>(4,337,967)</u>       |
| Operating profit                             | 4    | 6,300,494                | 6,328,350                |
| Other interest receivable and similar income | 5    | 126,764                  | 93,654                   |
| Interest payable and similar charges         | 6    | <u>(2,203,500)</u>       | <u>(2,321,901)</u>       |
| Profit before tax                            |      | 4,223,758                | 4,100,103                |
| Taxation                                     | 9    | <u>30,142</u>            | <u>(22,262)</u>          |
| Profit for the financial year                |      | 4,253,900                | 4,077,841                |
| Retained earnings brought forward            |      | <u>19,488,937</u>        | <u>15,411,096</u>        |
| Retained earnings carried forward            |      | <u><u>23,742,837</u></u> | <u><u>19,488,937</u></u> |

The above results were derived from continuing operations.

**Bibby Leasing Limited**  
**(Registration number: 588708)**  
**Balance Sheet as at 31 December 2018**

|                                                         | Note | 2018<br>£           | 2017<br>£           |
|---------------------------------------------------------|------|---------------------|---------------------|
| <b>Fixed assets</b>                                     |      |                     |                     |
| Tangible assets                                         | 10   | 35,316              | 62,098              |
| <b>Current assets</b>                                   |      |                     |                     |
| Debtors due within one year                             | 11   | 47,474,368          | 47,366,590          |
| Debtors due in greater than one year                    | 11   | 30,536,359          | 31,639,000          |
| Cash at bank and in hand                                | 12   | 16,675              | 42,578              |
|                                                         |      | <u>78,027,402</u>   | <u>79,048,168</u>   |
| Creditors: Amounts falling due within one year          | 13   | <u>(22,094,173)</u> | <u>(25,122,774)</u> |
| <b>Net current assets</b>                               |      | <u>55,933,229</u>   | <u>53,925,394</u>   |
| <b>Total assets less current liabilities</b>            |      | 55,968,545          | 53,987,492          |
| Creditors: Amounts falling due after more than one year | 13   | <u>(29,425,708)</u> | <u>(31,698,555)</u> |
| <b>Net assets</b>                                       |      | <u>26,542,837</u>   | <u>22,288,937</u>   |
| <b>Capital and reserves</b>                             |      |                     |                     |
| Called up share capital                                 | 14   | 2,800,000           | 2,800,000           |
| Retained earnings                                       |      | <u>23,742,837</u>   | <u>19,488,937</u>   |
| <b>Shareholders' funds</b>                              |      | <u>26,542,837</u>   | <u>22,288,937</u>   |

Approved and authorised by the Board on 28 June 2019 and signed on its behalf by:

  
.....

Ian Downing  
Director

# **Bibby Leasing Limited**

## **Notes to the Financial Statements for the Year Ended 31 December 2018**

### **1 General information**

Bibby Leasing Limited is a private company limited by shares and incorporated in England, registration number 588708. The address of its registered office is 105 Duke Street, Liverpool, L1 5JQ.

The company is a wholly-owned subsidiary of Bibby Asset Finance Limited. Bibby Financial Services Limited is the parent company of the smallest group which consolidates the financial information of the Company. The ultimate parent undertaking is Bibby Line Group Limited and is the largest group which consolidates the financial information of the Company. All parent companies are incorporated in England.

The ultimate controlling party is disclosed in the financial statements of Bibby Line Group Limited. Copies of the financial statements of all subsidiaries of Bibby Line Group Limited can be obtained from its registered office at 105 Duke Street, Liverpool, L1 5JQ ([www.bibbygroup.co.uk](http://www.bibbygroup.co.uk)).

These financial statements were authorised for issue by the Board on 28 June 2019.

### **2 Accounting policies**

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

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

#### **Statement of compliance**

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and applicable legislation as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008.

#### **Basis of preparation**

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

The primary economic environment in which the Company operates is governed by the Great British Pound its functional currency. As such the Company financial statements have been prepared in this currency.

#### **Going concern**

The financial statements are prepared on a going concern basis.

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

Based on this assessment, the Directors consider that the Company maintains an appropriate level of capital and liquidity, sufficient to meet the demands of the business and the requirements which might arise in stressed circumstances. The Company remains compliant with all banking covenants.

## **Bibby Leasing Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

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

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

#### **Summary of disclosure exemptions**

The Company has chosen to take advantage of the disclosure exemptions in FRS 102 Section 1.12 to not prepare a statement of cashflows as would be required by Section 7 'Statement of Cashflows', from not disclosing information about the nature of its financial instruments as would be required in Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues', and from not disclosing key management personnel compensation as would be required in Section 33 'Related Party Transactions'.

#### **Turnover**

Income derives from financial assets that are classified as loans and receivables (including finance lease receivables) and 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.

#### **Operating leases**

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

#### **Tax**

Tax for the period comprises current tax and deferred tax.

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

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

#### **Tangible 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:

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

## **Bibby Leasing Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

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

##### **Retirement benefits**

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

##### **Financial Instruments**

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

##### **Classification**

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

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

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

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

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

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

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

Financial assets, classified as basic financial instruments are cash and cash equivalents and trade and other debtors. Financial liabilities, classified as basic financial instruments are trade and other creditors, including loans and borrowings.

All specific recognition and measurement policies of each component are presented in the individual policies below.

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

## **Bibby Leasing Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

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

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

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

##### **Trade debtors**

The Company 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 Company'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.

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

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

##### **Trade creditors**

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

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

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

##### **Share capital**

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

##### **Critical accounting policies and key sources of estimation uncertainty**

The critical judgement that the Directors have made in the process of applying the Company's accounting policies and that has the most significant effect on the amounts recognised in financial statements is within the impairment of financial assets.

Receivables are written off when there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their expected realisable values. Additional provisions are made for losses not specifically identified based on past experience, knowledge of the Group's exposure and other relevant factors.

There are no material risks within any estimation used for the preparation of the financial statements.

## Bibby Leasing Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 3 Revenue

The analysis of the company's revenue for the year by geographical market is as follows:

|                | 2018<br>£         | 2017<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | <u>10,329,432</u> | <u>10,666,317</u> |

#### 4 Operating profit

Arrived at after charging

|                                                   | 2018<br>£     | 2017<br>£     |
|---------------------------------------------------|---------------|---------------|
| Depreciation of tangible fixed assets             | 64,033        | 47,650        |
| Impairment of financial assets                    | 791,079       | 1,008,861     |
| Operating lease expense                           | 84,888        | 72,990        |
| Auditors remuneration for audit services provided | <u>19,260</u> | <u>18,000</u> |

#### 5 Other interest receivable and similar income

|                                  | 2018<br>£      | 2017<br>£     |
|----------------------------------|----------------|---------------|
| Interest from group undertakings | <u>126,764</u> | <u>93,654</u> |

#### 6 Interest payable and similar charges

|                                            | 2018<br>£        | 2017<br>£        |
|--------------------------------------------|------------------|------------------|
| Interest on bank overdrafts and borrowings | <u>2,203,500</u> | <u>2,321,901</u> |

## Bibby Leasing Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

|                                                             | 2018<br>£      | 2017<br>£      |
|-------------------------------------------------------------|----------------|----------------|
| Remuneration                                                | 235,961        | 185,776        |
| Contributions paid to defined contribution purchase schemes | -              | 5,799          |
|                                                             | <u>235,961</u> | <u>191,575</u> |

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

|                                                              | 2018<br>No. | 2017<br>No. |
|--------------------------------------------------------------|-------------|-------------|
| Accruing benefits under defined contribution pension schemes | -           | 1           |

In respect of the highest paid director:

|                                                               | 2018<br>£ | 2017<br>£ |
|---------------------------------------------------------------|-----------|-----------|
| Remuneration                                                  | 235,961   | 185,766   |
| Company contributions to defined contribution pension schemes | -         | 6,799     |

#### 8 Staff costs

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

|                                            | 2018<br>£        | 2017<br>£        |
|--------------------------------------------|------------------|------------------|
| Wages and salaries                         | 1,963,522        | 1,737,029        |
| Social security costs                      | 222,467          | 193,316          |
| Pension costs, defined contribution scheme | 52,167           | 97,468           |
|                                            | <u>2,238,156</u> | <u>2,027,813</u> |

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

|                            | 2018<br>No. | 2017<br>No. |
|----------------------------|-------------|-------------|
| Administration and support | 35          | 34          |

## Bibby Leasing Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 9 Taxation

##### Tax charged

|                                                | 2018<br>£              | 2017<br>£            |
|------------------------------------------------|------------------------|----------------------|
| <b>Current taxation</b>                        |                        |                      |
| UK corporation tax adjustment to prior periods | (2,000)                | 22,262               |
| <b>Deferred taxation</b>                       |                        |                      |
| Adjustments to prior periods                   | <u>(28,142)</u>        | <u>-</u>             |
| <b>Total tax (credit)/charge for the year</b>  | <u><b>(30,142)</b></u> | <u><b>22,262</b></u> |

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2017 - lower than the standard rate of corporation tax in the UK) of 19% (2017 - 19.25%). The differences are reconciled below:

|                                                                                                                          | 2018<br>£              | 2017<br>£            |
|--------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------|
| Profit before tax                                                                                                        | <u>4,223,758</u>       | <u>4,100,103</u>     |
| Corporation tax at standard rate                                                                                         | 802,514                | 789,270              |
| Adjustments to prior periods                                                                                             | (30,142)               | 22,262               |
| Claims to United Kingdom group loss relief from other subsidiary companies controlled by the ultimate parent undertaking | <u>(802,514)</u>       | <u>(789,270)</u>     |
| <b>Total tax (credit)/charge for the year</b>                                                                            | <u><b>(30,142)</b></u> | <u><b>22,262</b></u> |

##### Deferred tax

##### Deferred tax assets

|                                              | 2018<br>£      | 2017<br>£      |
|----------------------------------------------|----------------|----------------|
| Depreciation in excess of capital allowances | <u>202,303</u> | <u>174,161</u> |

Factors that may affect future tax charges:

The company is profit making and is currently utilising losses controlled by its ultimate parent undertaking to reduce its taxable income, as well as optimising tax depreciation strategy to absorb these losses. It is expected that deferred tax assets will be realised between 2019 and 2021 as losses become fully utilised.

Corporation tax rates in the United Kingdom will reduce to 17% by 2020. These reductions have no material impact on provisions made in the current financial statements.

## Bibby Leasing Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 10 Tangible assets

|                        | Furniture,<br>fittings and<br>equipment<br>£ |
|------------------------|----------------------------------------------|
| <b>Cost</b>            |                                              |
| At 1 January 2018      | 490,222                                      |
| Additions              | <u>37,251</u>                                |
| At 31 December 2018    | <u>527,473</u>                               |
| <b>Depreciation</b>    |                                              |
| At 1 January 2018      | 428,124                                      |
| Charge for the year    | <u>64,033</u>                                |
| At 31 December 2018    | <u>492,157</u>                               |
| <b>Carrying amount</b> |                                              |
| At 31 December 2018    | <u>35,316</u>                                |
| At 31 December 2017    | <u>62,098</u>                                |

#### 11 Debtors

|                                      | 2018<br>£         | 2017<br>£         |
|--------------------------------------|-------------------|-------------------|
| Net Investment in finance leases     | 38,749,322        | 38,976,075        |
| Amounts owed by group undertakings   | 2,324,853         | 2,889,286         |
| Other debtors                        | 6,197,890         | 5,327,068         |
| Deferred tax assets                  | <u>202,303</u>    | <u>174,161</u>    |
|                                      | 47,474,368        | 47,366,590        |
| Amounts due in greater than one year | <u>30,536,359</u> | <u>31,639,000</u> |
| Total debtors                        | <u>78,010,727</u> | <u>79,005,590</u> |

#### 12 Cash at bank and in hand

|              | 2018<br>£     | 2017<br>£     |
|--------------|---------------|---------------|
| Cash at bank | <u>16,675</u> | <u>42,578</u> |

## Bibby Leasing Limited

### Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

#### 13 Creditors

|                                 | 2018<br>£         | 2017<br>£         |
|---------------------------------|-------------------|-------------------|
| <b>Due within one year</b>      |                   |                   |
| Loans and borrowings            | 20,505,086        | 23,318,391        |
| Trade creditors                 | 5,043             | 2,022             |
| Social security and other taxes | 79,896            | 147,489           |
| Accrued expenses                | <u>1,504,148</u>  | <u>1,654,872</u>  |
|                                 | <u>22,094,173</u> | <u>25,122,774</u> |
| <b>Due after one year</b>       |                   |                   |
| Loans and borrowings            | <u>29,425,708</u> | <u>31,698,555</u> |

The Company has block revolving credit facilities carrying variable interest rates above interbank rates. The facilities are secured against the client receivables and underlying assets provide in leasing, floating charge over the remaining assets of the company and parent guarantee.

Amounts reported in creditors at the balance sheet date are repayable £20,505,086, £15,436,155 and £13,989,553 in less than 1 year, in between 1 -2 years, and between 2 -5 years respectively (2017: £23,318,391, £16,765,714 and £14,932,840).

#### 14 Share capital

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

|                            | 2018             |                  | 2017             |                  |
|----------------------------|------------------|------------------|------------------|------------------|
|                            | No.              | £                | No.              | £                |
| Ordinary shares of £1 each | <u>2,800,000</u> | <u>2,800,000</u> | <u>2,800,000</u> | <u>2,800,000</u> |

## **Bibby Leasing Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

#### **15 Obligations under leases**

##### **Operating leases**

The total of future minimum lease payments is as follows:

|                                                   | <b>2018</b>    | <b>2017</b>    |
|---------------------------------------------------|----------------|----------------|
|                                                   | <b>£</b>       | <b>£</b>       |
| Not later than one year                           | 52,501         | 70,091         |
| Later than one year and not later than five years | <u>69,497</u>  | <u>113,353</u> |
|                                                   | <u>121,998</u> | <u>183,444</u> |

#### **16 Related party transactions**

The Company has taken advantage of the exemption in FSR 102 Section 33 'Related Party Disclosures' from disclosing transactions with other wholly owned members of the group controlled by the parent undertaking.