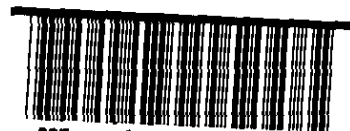


SIGNED

199049

BIBBY FACTORS SCOTLAND LIMITED

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 DECEMBER 2002**



SCT
COMPANIES HOUSE

SDQMOKE3

0463
25/04/03

BIBBY FACTORS SCOTLAND LIMITED

IMMEDIATE PARENT UNDERTAKING

Bibby Group of Factors Limited

ULTIMATE PARENT UNDERTAKING

Bibby Line Group Limited

DIRECTORS

David Albert Robertson
James Brydon - Managing Director
Mark John Cleaver - Chairman
Ian Downing
Hugh David Matthewson
Andrew Mackie Macgregor Tait

SECRETARY

Bibby Bros. & Co. (Management) Limited

REGISTERED OFFICE

1st Floor, Unit 2, Block B
Kittle Yards
Causewayside
Edinburgh
EH9 1PJ

Incorporated in Scotland
Registration No. 199049

AUDITORS

PricewaterhouseCoopers
8 Princes Parade
St. Nicholas Place
Liverpool
L3 1QJ

BIBBY FACTORS SCOTLAND LIMITED

NOTICE OF MEETING

Notice is hereby given, that the Annual General Meeting of the Company will be held on 22 May 2003 at 105 Duke Street, Liverpool for the following purposes:

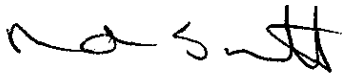
To consider the attached Directors' Report and Financial Statements for the year ended 31 December 2002.

To re-elect directors.

To transact any other ordinary business.

A member of the Company entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member.

By order of the Board



Bibby Bros. & Co. (Management) Limited
Secretary

13 March 2003

BIBBY FACTORS SCOTLAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their Report together with the Audited Financial Statements for the year ended 31 December 2002.

ACTIVITIES

The activity of the Company continues to be debt factoring.

TRADING RESULT

The result for the year is set out in the Profit and Loss Account.

CHANGES IN FIXED ASSETS

Changes in fixed assets are set out in Note 7 to the Accounts.

DEVELOPMENT OF BUSINESS

The volume of debts factored increased significantly during the year with an accompanying increase in profit.

The directors expect that the Company's expansion will be sustained in the current financial year.

DIVIDENDS

The directors recommend that a dividend of 20.86p (2001 - £Nil) per share be paid.

BIBBY FACTORS SCOTLAND LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

DIRECTORS AND THEIR INTERESTS

The Directors during the year were:

J. Brydon - Managing Director
D. A. Robertson
I. Downing
H. D. Matthewson
A. M. M. Tait
R. E. Chapman - Chairman - appointed 1 July 2002
M. J. Cleaver - Resigned 18 March 2002

Since the year end, on 1 January 2003, R. E. Chapman resigned as director and chairman and M. J. Cleaver was reappointed as chairman and director of the Company.

None of the directors held any interests in either the shares of the Company or any of the Bibby Line Group Limited group of companies.

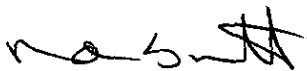
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial Year which 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 Year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

By order of the Board



Bibby Bros. & Co. (Management) Limited
Secretary

13 March 2003

BIBBY FACTORS SCOTLAND LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BIBBY FACTORS SCOTLAND LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

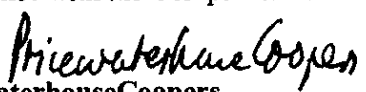
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Liverpool

13 March 2003

BIBBY FACTORS SCOTLAND LIMITED

PROFIT & LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
Turnover	2	1,940,351	1,211,120
Operating costs - administration		<u>(1,276,330)</u>	<u>(926,887)</u>
Operating profit		664,021	284,233
Interest payable	3	(254,255)	(173,757)
Interest receivable from parent undertaking		—	61
Profit on ordinary activities before taxation	4	409,766	110,537
Taxation	5	<u>(107,700)</u>	<u>(32,400)</u>
Profit for the financial year		302,066	78,137
Dividend payable	6	<u>(73,000)</u>	—
Amount transferred to reserves	12	<u>229,066</u>	<u>78,137</u>

There are no recognised gains or losses in 2002 or 2001 other than those dealt with in the profit and loss account.

Turnover and profit on ordinary activities all derive from debt factoring.

There is no difference between the profit stated above, and its historical cost equivalent.

The notes on pages 8 to 16 form part of these financial statements.

BIBBY FACTORS SCOTLAND LIMITED

BALANCE SHEET
31 DECEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS:			
Tangible assets	7	<u>46,690</u>	<u>72,736</u>
CURRENT ASSETS:			
Debtors	8	15,219,303	7,377,131
Creditors (amounts falling due within one year)	9	<u>(14,873,051)</u>	<u>(6,155,474)</u>
Net current assets		<u>346,252</u>	<u>1,221,657</u>
Total assets less current liabilities		<u>392,942</u>	<u>1,294,393</u>
Creditors (amounts falling due after more than one year)	9	<u>-</u>	<u>1,130,517</u>
CAPITAL AND RESERVES:			
Called up share capital	11	350,000	350,000
Profit and loss account	12	<u>42,942</u>	<u>(186,124)</u>
Equity shareholders' funds	13	<u>392,942</u>	<u>163,876</u>
		<u>392,942</u>	<u>1,294,393</u>

Approved by the Board on 13 March 2003


I. Downing
Director

The notes on pages 8 to 16 form part of these financial statements.

BIBBY FACTORS SCOTLAND LIMITED

NOTES TO THE ACCOUNTS 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Accounting basis

The Accounts for the Company are presented on the basis of historical cost accounting conventions and in accordance with applicable accounting standards. During the year the Company has adopted Financial Reporting Standard 19 (Deferred Tax). This has not resulted in a significant change to the reported results or reserves for the years ended 31 December 2002 or 2001.

Fixed assets

Fixed Assets are included at cost less accumulated depreciation.

Depreciation is provided to write-off the assets over their useful life on a straight line basis as follows:-

- computer and office equipment - between three and five years
- leasehold improvements - the lower of ten years or remaining life of the lease

Deferred taxation

Deferred tax is provided at current rates on a non-discounted basis, on all timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation.

Pension costs

The Company participates in the Bibby Line Group Limited defined benefit pension scheme. However, as it is not possible to separately identify the Company's assets and liabilities from the scheme, pension charges are accounted for as a defined contribution scheme and charged as incurred.

The Company also participates in a defined contribution scheme. Payments to the scheme are charged as incurred.

Cash flows

A statement of group cash flows has been included in the consolidated accounts presented by the parent undertaking. Accordingly, no statement is presented within these accounts.

Related party transactions

Under Financial Reporting Standard 8, the Company is exempt from disclosing related party transactions with group companies, as more than 90% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at closing rates.

Financing

The Company finances its operations through overdrafts and loans from immediate parent undertakings. Interest is charged at base rates plus a small premium.

Operating leases

Operating lease rentals are charged to the profit and loss account as incurred.

BIBBY FACTORS SCOTLAND LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

1. ACCOUNTING POLICIES/continued

Income recognition

The factoring administration fee is recognised in the profit and loss account at the time the debts are factored. Other fees are normally recognised in the profit and loss account at the time the charge is made. However, where fees are charged in respect of non-performing debt, the proportion credited to the profit and loss account is limited to the extent that total recoveries will exceed the debt outstanding.

Bad debts

Debts are written off when there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their expected realisable values. General provisions are made for losses not specifically identified based on past experience, knowledge of the Group's exposure and other relevant factors. The charge for the year for bad debts is included in administration expenses.

2. TURNOVER

Turnover, which is derived from within the United Kingdom, is the factoring income earned. Debts factored were £76,208,000 (2001 - £39,211,000).

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
On loans from parent undertakings	185,882	39,705
On bank loans and overdrafts	<u>68,373</u>	<u>134,052</u>
	<u>254,255</u>	<u>173,757</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION is stated after charging the following amounts:-

	2002 £	2001 £
Staff costs:		
- wages and salaries	501,890	371,914
- social security costs	55,565	33,777
- pension costs	27,268	24,035
Auditors' fees and expenses	3,000	2,400
Depreciation	49,130	35,483
Rental of properties	41,656	31,060
Hire of plant and equipment	<u>30,113</u>	<u>29,457</u>

BIBBY FACTORS SCOTLAND LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

5. TAXATION

	2002 £	2001 £
Deferred taxation (credit)/charge for year	(65,300)	2,400
Amount payable in respect of group relief	<u>173,000</u>	<u>30,000</u>
	<u>107,700</u>	<u>32,400</u>

Factors affecting the tax charge for the year:

The current tax charge is lower than the standard rate of corporation tax in the UK of 30%.

The differences are explained as follows:

	2002 £	2001 £
Profit on ordinary activities before taxation	<u>409,766</u>	<u>110,537</u>
Profit on ordinary activities multiplied by the standard rate in the UK of 30% (2001 - 30%)	122,930	33,161
Effects of:		
Utilisation of group relief	(192,699)	33,302
Depreciation in excess of capital allowances	7,237	2,751
Other timing differences	56,796	(5,926)
Expenses not deductible for tax purposes	<u>5,736</u>	<u>3,315</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

6. DIVIDEND PAYABLE

	2002 £	2001 £
On ordinary shares of £1 each		
Proposed - 20.86p (2001 - £Nil)	<u>73,000</u>	<u>-</u>

BIBBY FACTORS SCOTLAND LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

7. TANGIBLE ASSETS

	Office Equipment £	Leasehold Improvement £	Totals £
Cost			
At 1 January 2002	120,691	15,580	136,271
Additions	<u>23,084</u>	<u>-</u>	<u>23,084</u>
At 31 December 2002	<u>143,775</u>	<u>15,580</u>	<u>159,355</u>
Accumulated depreciation			
At 1 January 2002	53,975	9,560	63,535
Charge for the year	<u>44,482</u>	<u>4,648</u>	<u>49,130</u>
At 31 December 2002	<u>98,457</u>	<u>14,208</u>	<u>112,665</u>
Net book amount at 31 December 2002	<u>45,318</u>	<u>1,372</u>	<u>46,690</u>
Net book amount at 31 December 2001	<u>66,716</u>	<u>6,020</u>	<u>72,736</u>

8. DEBTORS

	2002 £	2001 £
Trade debtors	15,120,581	7,215,081
Prepayments and accrued income	31,222	9,850
Amount owed by fellow group undertaking	-	150,000
Deferred taxation (note 10)	<u>67,500</u>	<u>2,200</u>
	<u>15,219,303</u>	<u>7,377,131</u>

BIBBY FACTORS SCOTLAND LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

9. CREDITORS

	2002 £	2001 £
Amounts falling due within one year		
Bank overdraft	814,238	-
Trade creditors	6,646,267	3,432,201
Amount owed to ultimate parent undertaking	173,000	31,356
Amount owed to immediate parent undertaking	7,014,659	2,593,496
Amount owed to fellow subsidiary undertaking	911	-
Accruals and deferred income	85,549	60,252
Other taxation and social security	65,427	38,167
Dividend payable	<u>73,000</u>	<u>-</u>
	<u>14,873,051</u>	<u>6,155,474</u>
Amounts falling due after more than one year		
Bank overdraft/acceptance credits	<u>-</u>	<u>1,130,517</u>

Bank overdraft/acceptance credits are all repayable between two and five years.

The bank overdrafts are part of a bank facility which is secured by a fixed and floating charge over the assets of the Company with, however, the stipulation that in respect of the book debts the amount recoverable under this security is limited to the amount actually prepaid under factoring agreements.

The bank overdrafts and intercompany loans carry interest rates that vary with base rates.

10. DEFERRED TAXATION ASSET

	2002 £
At 1 January 2002	2,200
Profit and loss account (note 5)	<u>65,300</u>
At 31 December 2002	<u>67,500</u>

The amounts of deferred taxation recognised and unrecognised at 30% are as follows:-

	Recognised		Unrecognised	
	2002 £	2001 £	2002 £	2001 £
Excess of tax allowance over depreciation	8,900	1,100	-	700
Other timing differences	<u>58,600</u>	<u>1,100</u>	<u>-</u>	<u>700</u>
	<u>67,500</u>	<u>2,200</u>	<u>-</u>	<u>1,400</u>

BIBBY FACTORS SCOTLAND LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

11. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Allotted and fully paid:		
Ordinary shares of £1 each	<u>350,000</u>	<u>350,000</u>
Authorised:		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

12. RESERVES

	Profit & Loss Account £
At 1 January 2002 - deficit	(186,124)
Amount transferred to reserves for the financial year	<u>229,066</u>
At 31 December 2002	<u>42,942</u>

13. MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	302,066	78,137
Dividend payable	<u>(73,000)</u>	-
	229,066	78,137
Opening shareholders' funds	<u>163,876</u>	<u>85,739</u>
Closing shareholders' funds	<u>392,942</u>	<u>163,876</u>

BIBBY FACTORS SCOTLAND LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

14. DIRECTORS' EMOLUMENTS

	2002 £	2001 £
The total emoluments were:		
- emoluments	223,605	209,115
- pension contributions	<u>17,201</u>	<u>16,358</u>
	<u>240,806</u>	<u>225,473</u>

The emoluments, excluding pension contributions of the chairman were £Nil (2001 - £Nil) and the highest paid director £93,997 (2001 - £87,415). Contributions of £17,201 (2001 - £16,358) were made in respect of three (2001 - three) directors to a defined benefit pension scheme. The accrued pension of the highest paid director at 31 December 2002 was £3,000 (2001 - £1,995).

15. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2002 (2001 - Nil).

16. CONTINGENT LIABILITIES

The Company has guaranteed the banking facilities of its fellow group undertakings:

Bibby Asset Finance Limited
 Bibby Factors Bedford Limited
 Bibby Factors Bristol Limited
 Bibby Factors International Limited
 Bibby Factors Leicester Limited
 Bibby Factors Limited
 Bibby Factors Manchester Limited
 Bibby Factors Northeast Limited
 Bibby Factors Northwest Limited
 Bibby Factors Polska Sp. z o.o.
 Bibby Factors Slough Limited
 Bibby Factors Sussex Limited
 Bibby Factors West Midlands Limited
 Bibby Financial Services Australia Pty Limited
 Bibby Financial Services (Holdings) Inc.
 Bibby Financial Services Inc.
 Bibby Financial Services Limited
 Bibby Group of Factors Limited
 Bibby Invoice Discounting Limited
 Bibby Trade Finance Limited

The liability covered by these guarantees at 31 December 2002 was £132,991,000 (2001 - £81,067,197).

BIBBY FACTORS SCOTLAND LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

17. PARTICULARS OF EMPLOYEES

	2002	2001
The average number of persons employed by the Company during the year was	<u>20</u>	<u>15</u>

All employees are engaged in factoring.

18. PENSION COSTS

The Company participates in the Bibby Line Group Pension Scheme (the “Scheme”), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000. The latest actuarial valuation of the Scheme was carried out by a qualified independent actuary as at 6 April 2002 using the projected unit method and showed the Scheme to be 94% funded. Further actuarial information is given in the accounts of Bibby Line Group Limited. The contributions made by the Company over the financial year to this Scheme have been £22,720 (2001 - £22,139), equivalent to 12% of pensionable pay.

Since 1st April 2000, the Company has participated in the Bibby Line Group Money Purchase Pension Plan (the “Plan”), which is a defined contribution scheme for new employees. The contributions made by the Company over the financial year to the Plan have been £4,548 (2001 - £1,896).

Outstanding contributions at the balance sheet date to all pension arrangements amounted to £Nil (2001 - £Nil).

FRS17 Disclosures

As noted above and under accounting policies (note 1) the Company participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £9,091,000 is noted. Further information can be found in the financial statements of the ultimate holding company.

19. OPERATING LEASE COMMITMENTS

	2002 £	2001 £
Annual commitments under operating leases which expire:		
Within one year:		
- vehicles, plant and equipment	2,559	13,015
- property	1,000	6,000
Within two to five years:		
- vehicles, plant and equipment	11,562	15,777
- property	<u>27,500</u>	<u>23,330</u>
	<u>42,621</u>	<u>58,122</u>

BIBBY FACTORS SCOTLAND LIMITED

NOTES TO THE ACCOUNTS 2002 (CONTINUED)

20. PARENT UNDERTAKINGS

The Company is a wholly owned subsidiary undertaking of Bibby Group of Factors Limited which is a wholly owned subsidiary of Bibby Financial Services Limited which is itself a wholly owned subsidiary undertaking of Bibby Line Group Limited. Bibby Line Group Limited is the parent undertaking of the smallest and largest group which consolidates these accounts and of which the Company is a member.

Copies of the Group accounts may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ.