

Registration number: 00034121

# Bibby Line Group Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2020

# Bibby Line Group Limited

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# **Bibby Line Group Limited**

## **Company Information**

<b>Chairman</b>	Sir Michael Bibby Bt. DL
<b>Group Managing Director</b>	Jonathan Lewis
<b>Other Directors</b>	David Anderson Geoffrey Bibby
<b>Company secretary</b>	Bibby Bros. & Co. (Management) Limited
<b>Registered office</b>	3rd Floor Walker House Exchange Flags Liverpool United Kingdom L2 3YL
<b>Auditors</b>	Mazars LLP One St Peter's Square Manchester United Kingdom M2 3DE

# Bibby Line Group Limited

## Chairman's Statement

2020 was a pivotal year for us – simultaneously weathering the storm of the pandemic whilst setting the group up to generate future profits as we come out of the economic downturn, thereby allowing us to thrive whilst still driving long-term value creation.

Throughout 2020 we substantially changed the shape of the group and the performance of the businesses within it, the costs of which can be seen in the financial results included within this report. The benefits are already starting to be realised and should generate improved profitability in 2021 and beyond.

Perhaps the most radical change occurred within Financial Services where we sold the loss-making North American activities at the start of the year, and, after reviewing the Financial Services operations and performance under a new leadership team, have dramatically shifted its approach to delivering excellent customer service in the new digital age. This review has led to significant changes in the hardware, software, people and infrastructure needed to support the business's activities. The accounts reflect the write offs in the now redundant assets no longer required while the benefits will be seen in the lower cost base and capital commitments required going forward.

The group portfolio has also radically shifted. We sold Bibby Distribution at the end of the year, and soon after we agreed to sell Costcutter Supermarkets Group. Regulatory approval for transfer of ownership was granted in February 2021 so our 2020 results include Costcutter within continuing operations. Bibby HydroMap, part of our Marine business, also left the group within 2020 for reasons discussed in last year's Chairman's statement.

When comparing 2020 to 2019, the underlying profitability of our continuing businesses improved by c. £6m, with all businesses other than Financial Services contributing to this improvement. I am pleased to report that as lockdowns due to the pandemic start to ease, the unaudited management accounts in 2021 have shown the group moving back into profitability.

Costcutter traded well through 2020 as it served the grocery needs of local communities, as did Garic where a strong infrastructure market and the increased need for social distancing on construction sites supported demand for its industry-leading fleet of environmentally friendly welfare accommodation assets.

Marine profitability improved with WaveMaster Horizon delivering a full year of trading, and higher levels of utilisation across our floating accommodation fleet, including the support provided to the Maritime and Port Authority of Singapore as it sought temporary accommodation for migrant workers.

Our Financial Services business was able to largely mitigate a substantial industry-wide reduction in demand through the cost reduction measures referred to above. We expect 2021 trading to be substantially better as governments limit COVID-19 -related support measures and our customers drawdown more of their available funding. The business has also made the decision to shift away from developing its own proprietary technology and take a more agile 'buy-in' or 'software as a service' approach, looking to partner with specialist vendors where appropriate. This change in direction led to a significant impairment of software intangible assets and a significant reduction in the people required to undertake the work, which are shown as exceptional items of £31.4m in the accounts at note 7.

Overall, the group is reporting a loss after tax of £25.9m for 2020.

More importantly, however, we entered 2021 with a smaller but stronger set of businesses and the liquidity with which to support their future growth. Garic continues to invest in its fleet and develop further innovative welfare solutions. Marine has recently acquired the ASV Pioneer, an accommodation barge to supplement the capabilities of its floating accommodation business for which we see strong prospects as governments globally, supported by the private sector, invest further into infrastructure development. Financial Services continues to undertake a detailed exercise called BFS 4.0 with the aim to combine people and technology to provide a best-in-class client experience while strengthening partnerships and building new distribution channels to expand the use of receivables finance.

# **Bibby Line Group Limited**

## **Chairman's Statement**

Indeed, the focus across all of our businesses is on growth in line with the values and objectives of the Group. As part of this we have launched Project Compass to highlight the excellent work going on across the group in the areas of Environment, Community, People and Customer, as well as to push ourselves to go further. It is through focusing on these elements that we will ensure the long term capability of our group to develop unique value propositions for our customers which will deliver real value for our shareholders.

Supporting this growth, we have made senior management changes across the group. Jonathan Lewis has been appointed Group Managing Director after John Cresswell stood down as CEO on 31 December 2020. Financial Services has strengthened its senior leadership team under new CEO Jonathan Andrew, whilst our Marine business is now led by Nigel Quinn who has previously led the successful depot roll out and COVID-19 response as MD of Garic. Mark Albiston has stepped up from his role as Garic's Operations Director to lead the Garic business.

As previously reported, the main Board has been reduced following the departures of John Cresswell, Caroline Hoare and Paul Drechsler, but the remaining Directors have also stepped in to support the subsidiary Boards as required. The new slimline governance arrangements seem positive, with a closer understanding of subsidiary activities on the main Board.

I would like to repeat my sincere thanks to Paul Drechsler for his wisdom and experience over the last six years as well as to John, who led the business through some very difficult times. John built a strong team around him where his inclusive approach kept everyone informed and welcomed input, whilst he was not afraid to make difficult decisions. Caroline's challenge and input kept all directors on their toes, and we must not lose this dynamic without her presence on the Board.

Our people remain crucial to delivering on our purpose, and I am pleased to see the effort, initiative and tenacity with which they have met the challenges of the last few years and that their wellbeing has been supported, and will continue to be supported across the group as we continue to deploy new working models as a result of COVID-19 and its aftermath. Again, a big thank you to all colleagues for their dedication and commitment in such difficult times.

At the start of 2021, the improved business outlook and group liquidity gave us the confidence to pay the first dividend to shareholders for two years, and we intend to shortly write to shareholders outlining terms for a share buyback.

COVID-19 has undoubtedly shaken the world in so many different ways. I am therefore glad to be able to report an improved trading picture in 2021, and the actions we have taken throughout the year to grow and deliver value to all our stakeholders.

Sir Michael Bibby Bt. DL

# Bibby Line Group Limited

## Strategic Report

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

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Bibby Line Group Limited ('BLG') and its subsidiary undertakings when viewed as a whole.

### Introduction:

Bibby Line Group is a diverse, international business, and during 2020 operated in 14 countries and employed c. 3,500 people in financial services, marine, construction equipment sale and hire, retail and distribution.

Founded in Liverpool in 1807, we are one of the UK's oldest family owned businesses, with more than 200 years' experience of providing personal, responsive and flexible customer solutions.

Bibby Line Group and our companies work alongside our communities to minimise our environmental impact, while creating safe places for all of our people to work and develop.

### Purpose and values:

The Group's purpose is to grow the long-term value of the Group. Guided by our shared values, we are custodians of the family business for future generations, creating a diverse group of innovative companies that develop colleagues, delight customers and give back to communities.

Our shared Group values are - Work Together, Be Better, Be Innovative, Trust Each Other, Do the Right Thing - these guide every decision we make, and all combine to help us deliver excellent customer service.

### Strategy:

BLG is the parent company of a group of trading businesses. The Group is 90% owned by the Bibby family, principally through family trusts. The Board, in consultation with them, has set seven corporate strategic objectives:

1. Maximise the long-term real value of shareholders' funds by achieving a compound growth rate in shareholders' funds inclusive of dividends of not less than 8% per annum, measured over 7 year rolling periods.
2. Keep a business portfolio capable of generating recurring earnings and a dividend flow to the holding company to provide security against cyclical downturns in any particular market.
3. Attract, motivate and retain high quality personnel.
4. Maintain our excellent reputation for high quality, integrity and safety of operations.
5. Be aware of the impact on society of our operations and to continually improve the environment for all.
6. Continually strive for excellence in our service to customers through our flexible, personal and responsive approach.
7. Ensure BLG values flow through the company and its individual businesses in order to protect and nurture the Group's reputation as a diverse and forward-looking family business.

The nature of the shareholding enables the Group to take a long-term view of its trading businesses and provides the rationale for the diversification within the portfolio.

# Bibby Line Group Limited

## Strategic Report

The Group's corporate governance approach to managing the trading businesses in line with these objectives is set out in this report on pages 25-28.

The Group aims to maintain a diversified portfolio of businesses providing multiple, uncorrelated, sources of earnings allowing reinvestment into the group or distributions to shareholders. It should also avoid excessive exposures to individual risks to provide security against downturns in any particular market or sector.

### Principal activities of the subsidiary businesses:

**Bibby Financial Services ('BFS')** is a global financial services provider and the UK's largest independent invoice finance company. BFS helps businesses around the world grow, combining international scope with expert local knowledge.

BFS provides products and services to help businesses unlock working capital and reduce their exposure to currency fluctuations. By so doing, this enables businesses to overcome cash flow issues, purchase new equipment, grow, expand and trade overseas.

The BFS North America business was sold in February 2020.

**Bibby Marine ('Marine')** owns and operates the Bibby WaveMaster fleet of Walk-to-Work Service Operations Vessels – a step change in how to access offshore structures – as well as six floating accommodation barges (the Bibby Pioneer being purchased in June 2021), offering flexible shoreside and near shore accommodation for workers. At the start of the year, Marine also provided hydrographic survey services through its HydroMap business, however this business entered into Administration on 3 April 2020.

**Garic** has led the welfare and related plant hire market with exceptional service and ground-breaking innovations for over 30 years with the principal activity being the hire and sale of welfare accommodation, modular buildings, plant and storage products, tower lights, environmental solutions, wheel washing and site shelters.

Garic primarily serves the infrastructure sector, providing full site set up solutions, including transportation, servicing and repair.

**Costcutter Supermarkets Group ('Costcutter')** operates as a convenience retail symbol group in the UK. The group supports multiple fascia's including Costcutter, Mace, Simply Fresh, Kwik Save and Supershop. Costcutter also owns and operates its own stores through its subsidiary Ebor Foodmarkets Limited. As detailed on page 20, the sale of Costcutter was agreed in December 2020 and completed in February 2021. It is included as a post balance sheet event for FY20 reporting purposes as FCA approval was not granted until February 2021, at which point completion occurred and control transferred to Bestway Wholesale.

**Bibby Distribution ('Distribution')** is a leading supplier of contract distribution, warehousing and freight forwarding solutions. Bibby Distribution was sold to Menzies Distribution and left the Group in December 2020.

# Bibby Line Group Limited

## Strategic Report

### Operational Review:

#### Overview

2020 was an important year for the Group as it worked to recover from a disappointing financial result in 2019. Despite a backdrop of continued uncertainty with Brexit, and the monumental impact of the COVID-19 pandemic, the Group improved its stability through delivery of a coordinated set of strategic actions and delivered a much improved trading result with a significant decrease in the trading loss. The Group now has funds with which to invest, operate through any temporary setbacks, and return money to shareholders.

Following the sales of Distribution and Costcutter, the Group is substantially smaller in terms of revenue and headcount, focused around the three businesses of BFS, Marine and Garic. Despite trading conditions across BFS and Marine being tough in FY20, we see substantial opportunities for all of our businesses to grow and create value as we enter FY21.

#### Financial Review

The financial statements contained within this report show total pre-exceptional operating losses for the Group of £6.4m marking a substantial improvement on the FY19 loss of £24.7m.

Marine, Garic, Costcutter and Distribution all had a strong year with improvements at both an operating and profit before tax level, despite the economic uncertainty caused by COVID-19.

Furthermore, despite BFS being severely impacted by a sharp fall in client borrowing resulting from the Government's economic response to COVID-19, the business was able to minimise the impact on the underlying profitability. This followed an extensive restructuring programme commencing at the start of 2020, rightsizing the cost base of the business for the future, generating liquidity from the sale of the North America business, and ensuring it is in a strong position to benefit from increased borrowing activity in 2021.

This restructuring, as well as other strategic decisions to improve the agility and responsiveness of the business, has driven exceptional costs within BFS of £31.4m, the majority of which are non-recurring and relate to a move towards industry standard technology solutions and the consequent write down of the value of the bespoke systems previously developed within the business. Additionally, there is a £1.7m loss on disposal of the North American business.

#### Operating Performance

	<b>2020 £000</b>	<b>2020 £000</b>	<b>2020 £000</b>	<b>2019 £000</b>	<b>2019 £000</b>	<b>2019 £000</b>
	<b>Continuing Operations</b>	<b>Discontinued Operations</b>	<b>Total</b>	<b>Continuing Operations</b>	<b>Discontinued Operations</b>	<b>Total</b>
<b>Group</b>						
Turnover	676,955	155,572	<b>832,527</b>	633,923	201,490	<b>835,413</b>
Operating loss (pre-exceptional items)	(7,204)	834	<b>(6,370)</b>	(13,461)	(11,233)	<b>(24,694)</b>
Operating loss	(39,263)	834	<b>(38,429)</b>	(13,461)	(15,421)	<b>(28,882)</b>
Loss before tax	(42,545)	15,953	<b>(26,592)</b>	(13,825)	(15,879)	<b>(29,704)</b>



# Bibby Line Group Limited

## Strategic Report

	2020 £000	2019 £000
<b>Continuing Operations – Turnover</b>		
Bibby Financial Services <sup>1</sup>	135,529	158,734
Bibby Marine Limited <sup>2</sup>	23,967	14,708
Garic	34,639	33,995
Costcutter Supermarkets Group	482,820	426,486
	<u>676,955</u>	<u>633,923</u>
	2020 £000	2019 £000
<b>Continuing Operations – Operating profit/(loss) pre-exceptional items</b>		
Bibby Financial Services <sup>1</sup>	(9,305)	(7,373)
Bibby Marine Limited <sup>2</sup>	812	(2,608)
Garic	3,449	1,695
Costcutter Supermarkets Group	4,474	3,151
Other <sup>3</sup>	(6,634)	(8,326)
	<u>(7,204)</u>	<u>(13,461)</u>
	2020 £000	2019 £000
<b>Continuing Operations – Operating profit/(loss)</b>		
Bibby Financial Services <sup>1</sup>	(40,692)	(7,373)
Bibby Marine Limited <sup>2</sup>	812	(2,608)
Garic	3,449	1,695
Costcutter Supermarkets Group	4,474	3,151
Other <sup>3</sup>	(7,306)	(8,326)
	<u>(39,263)</u>	<u>(13,461)</u>

<sup>1</sup> – Bibby Financial Services total for continuing operations excludes North America

<sup>2</sup> – Bibby Marine Limited total for continuing operations excludes Bibby HydroMap Limited

<sup>3</sup> – Other includes Bibby Line Group Limited and Bibby Line Limited

# Bibby Line Group Limited

## Strategic Report

### FY20 Highlights

#### i) COVID-19 response

##### *Protecting Employees*

The Group's immediate priority was, and is, the health and wellbeing of employees. In Q1, a coordinated network of emergency response teams worked together to quickly consider and respond to the risks of the pandemic.

As lockdown measures were introduced, business contingency plans were activated, and many colleagues were asked to work remotely. For business premises that needed to remain operational, formal procedures including social distancing and signage were implemented safely and efficiently.

Many colleagues, particularly in Garic, Marine, Costcutter and Distribution continued to travel into work and deliver essential services to customers. Since the start of the pandemic, the Group has prioritised measures to ensure COVID-19 safety – from ensuring sufficient hand sanitiser when there was a national shortage, to providing healthcare professionals on board our WaveMaster vessels.

Regular communications and use of technology acted to keep colleagues and customers informed, engaged and operational. Throughout the pandemic, close attention was also paid to protecting colleagues' mental health.

##### *Protecting Customers*

The Group also remained committed to keeping its customers safe during the pandemic.

Garic created a range of special COVID-19 products to help customers remain safe and socially distanced whilst providing site operating guidance and signage. The team also supported customers and visitors to be safe at their depots by providing advance information and risk assessments and induction training on arrival.

Distribution acted quickly limiting visitors, enhancing site hygiene controls, increased customer communications, and a range of innovative customer safety measures including increased cleanliness and social distancing protocols, for example allowing drivers to wait in their cabs during loading and unloading. Much of which has gained high praise from customers.

Costcutter produced over 10,000 social distancing floor stickers and worked with key suppliers to source protective perspex screens for independent retailers to order via the group at cost price. Costcutter also developed a comprehensive guide on implementing social distancing measures in stores.

Marine kept customers safe through strict adherence to colleague protocols including pre-arrival health questionnaires, increased social distancing while on board and rigorous cleaning schedules. The team also employed specially trained onboard medics and were amongst the first companies to procure antigen blood tests.

##### *Delivering essential services*

Bibby Line Group subsidiaries played a key role in keeping people safe and providing essential services.

Internationally, Marine supplied the Maritime and Port Authority of Singapore with two floating accommodation barges to house foreign workers, helping to combat the spread of COVID-19 by reducing travel and social contact in Singapore. Bibby WaveMaster 1 and Bibby WaveMaster Horizon also continued to safely deliver essential services to offshore windfarms and other offshore installations.

During the pandemic, BFS continued to support new and existing clients, funding more than £6bn of SME turnover in 2020, as well as providing foreign exchange services for businesses trading internationally.

# Bibby Line Group Limited

## Strategic Report

BFS is now well placed to continue to support businesses with sustainable funding options once government schemes end, including launching a £300m Pandemic Recovery Fund to help stimulate the economy.

Garic was able to support the NHS and UK Government by responding to the urgent demand for COVID-19 testing centres, providing equipment to set up three test sites in April 2020, including one at the Cardiff City Stadium. Its products and services also supported increased social distancing and sanitation requirements on infrastructure construction projects. With a continued need for exterior welfare and hygiene units, Garic has continued to play a key role into 2021.

Distribution provided an essential delivery and logistics service to the nation's supply chain. With over 80% of customer volumes coming from food retailers, food manufacturers, food ingredients, and cleaning and packaging manufacturers, Distribution helped keep the nation fed and safe. Garic and Distribution also worked together to set up a COVID-19 testing site at a depot in Bury, UK as well as securing PPE equipment for colleagues.

Costcutter played a vital role from the very start of the pandemic, with stores across the country providing essential groceries and household goods. Costcutter also offered support to shoppers, including free delivery to elderly and vulnerable customers, help setting up community hubs, and providing 20 'pop-up' stores in NHS hospitals to allow essential workers to buy their groceries.

### ii) Changes to Portfolio

Following a strategic review, in February 2020 BFS announced its intention to focus on its core markets, resulting in the sale of its North America business, as well as a restructure of the UK operations and central support functions, and a review of investment spend.

Following a challenging trading year in 2019, and the emerging impact of COVID-19 on its vessel operations and work pipeline, the Bibby HydroMap Board took the difficult decision in April 2020 to place the business into administration.

In December 2020, the Group completed the strategic realignment of its portfolio with the sale of Distribution to Menzies Distribution, and the agreed sale of Costcutter to Bestway Wholesale, with the latter completing in February 2021.

### iii) Environment

The Group is conscious of its impact on the environment and takes its responsibility of sustainability very seriously, with each business providing an annual environmental report that shows how it has worked to minimise impact. Further detail can be found in our s.172 Statement on pages 15-18 and in the Group Streamlined Energy & Carbon Report ('SECR') on pages 21-23.

### iv) Health and Safety

Bibby Line Group is focused on providing safe working conditions for its people. A cross-Group Safety, Health, Environment and Quality (SHEQ) team work together to keep our colleagues safe, with the aim of sending everyone home safe every day. Further detail can be found in our s.172 Statement on pages 15-18.

### v) Community

Bibby Line Group remains committed to the communities that it operates in. The award-winning Giving Something Back programme aims to harness the passion of its people, supporting them to fundraise and volunteer for the charities they choose, demonstrating our core values as a business. Further detail can be found in our s.172 Statement on pages 15-18.

# Bibby Line Group Limited

## Strategic Report

### vi) People

Our people are our greatest asset and the Group is at its best when its people feel safe, included and valued. Further detail can be found in our s.172 Statement on pages 15-18.

During the first three months of 2020, around 160 Group colleagues relocated to our new offices at Exchange Flags in Liverpool, a modern office better equipped for the needs of current and future colleagues and customers. In June 2020, BFS unveiled their new Manchester Service Centre 'Anchorage' in Salford Quays which will be a new hub for the business.

There were several key appointments across the Group in 2020. Sir Michael Bibby became Chair of Bibby Line Group in June 2020, replacing Paul Drechsler after more than five years of service to the company. In line with the reduction of the size of the Group, Caroline Hoare stepped away from her role as BLG non-executive director after nearly four years with the Group.

Group CEO John Cresswell stepped down at the end of December 2020, with Group Chief Financial and Strategy Officer Jonathan Lewis stepping up as Group Managing Director at the start of 2021.

Within our subsidiaries, BFS appointed Jonathan Andrew as new CEO in August 2020, with several new senior members of the executive team joining at the start of 2021 to drive forward its global growth strategy. A new non-executive director and chair of the BFS Audit Committee, Simon Perry, was appointed to the BFS Board in March 2021 to provide fully independent oversight.

The Marine executive team went through several changes in 2020, including the appointment of Sue Worden as new Chief Financial Officer in January 2020 and the appointment of Nigel Quinn as interim CEO in October 2020.

A review of subsidiary Board composition also took place with Sir Michael Bibby taking over as Chair for BFS and Marine in January 2021, and Geoffrey Bibby joining each subsidiary Board as a non-executive director – further strengthening the family's links to the businesses. Jonathan Lewis also took over as Chair for Garic.

Family engagement remains a priority for the Group and in total, seven members of the next generation of the Bibby family have been involved in the business since 2019, including work experience, development programmes and charity treks.

### **2021 Outlook**

Actions taken over the last two years, including the strategic realignment of the portfolio and successfully trading through the pandemic have put the Group in a much improved and stabilised position.

As the Group emerges out of the pandemic, with a strengthened balance sheet for future investment, and a portfolio of strong businesses that are well positioned for success in their markets, there will be a strong focus in 2021 on a return to profitability.

Despite ongoing lockdowns and continuing government support affecting demand for BFS's services at the start of the year, there are now signs that more customers are trading again, and BFS is well placed to benefit from renewed demand for its services, which will hopefully translate into strong profit growth given the efficiency improvements realised over the last 12 months.

Garic is also well positioned to continue trading well as continued social distancing and increased sanitation requirements on site, combined with growth in Garic's core infrastructure market, and excellent green credentials, drive demand for its welfare accommodation offering.

# **Bibby Line Group Limited**

## **Strategic Report**

Marine has strengthened its business development capabilities over the course of 2020, which has led to all eight vessels being on charter in July 2021. The WaveMaster vessels continue to provide excellent levels of access to installations in the North Sea, and the floating accommodation barges are supporting a number of large construction and other projects around the world, bolstered with the purchase of their vessel, the Bibby Pioneer, in June 2021. COVID-19 has undoubtedly delayed offshore maintenance programmes and infrastructure projects, and we therefore expect to see strong demand for our vessels within 2021 and beyond.

Across all three businesses, therefore, we see the opportunity for continued profitable growth, and have the right priorities, plans and people in place with which to capture the opportunities provided as our end markets recover from a difficult year.

### **Risk Management:**

Risk Management, robust governance and internal controls are key to the way as a Group we manage all aspects of our business. Our risk management processes and systems are designed to manage and mitigate rather than eliminate risk. A risk framework is in place which is adopted by our businesses, including risk registers, with output being reported to subsidiary boards and summarised to the BLG Group Audit and Risk Committee. In addition, we operate the three lines of defence model:

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

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

### **Principal Risks & Uncertainties:**

This section highlights the principal risks and uncertainties that affect the Group. This does not represent a comprehensive list of all of the risks that the Group faces but focuses on those that are currently considered to be the most relevant:

### **Group Composition**

The Group disposed of Distribution and Costcutter in 2020 and 2021 respectively which potentially creates an imbalance in the portfolio which may leave the Group with too much risk, or create over-dependence on one sector. The BLG Board as part of their annual review of operating plans consider the desired shape of the portfolio with regard to the current composition of the Group, the present market conditions and future expectations. Any investment and divestment plans are fully appraised with reference to the shape of the Group.

# **Bibby Line Group Limited**

## **Strategic Report**

### **People**

Our success depends on our people, and the failure to recruit and retain talent could have an impact on business disruption through key individuals leaving the Group, there is a potential impact on customer service as a result of dissatisfied colleagues, and we are unable to develop new products and services due to being unable to attract new talent. 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. Annually, the Group carries out an employee engagement survey which is designed to gauge how colleagues feel about working at BLG and its subsidiary businesses, what improvements can be made and identifying areas of excellence. The engagement survey helps foster a culture of ownership and continuous improvement. Our people also make a positive contribution to support local communities through our 'Giving Something Back' programme. In 2021, Project Compass was launched with a specific 'Point' covering People. The approach in this area will be developed further in 2021.

### **New Technologies**

There is a risk that, if we are not effective at quickly adopting new technologies, this could have a detrimental effect on our future growth plans and inhibit our ability to operate effectively in our current markets. Our businesses are already reviewing new technologies to help us succeed and will continue to do so, with the Group committed to ensuring that investment in new technology and new working practices are implemented to help our business thrive for future generations.

### **Environment and Climate Change**

How we act as a responsible business, regarding the environmental impact our operations, products and services have, is fundamental to the future success of our Group. As a Group, the businesses have taken actions to reduce their carbon footprint. In 2021, Project Compass was initiated and includes in its vision that 'We are committed to becoming an increasingly sustainable business, striving to minimise our own environmental impact and influencing positive change with our customers, colleagues & suppliers'. This involves all of our businesses and builds on the excellent work done already in reducing our environmental footprint.

### **Reputation**

Bibby Line Group is a diverse, international business and managing the reputational risk of the name and brand is of paramount importance to the Group. Bibby Line Group's values are integral to the way the Group does business and we expect all colleagues to do the right thing and protect the name and reputation of the Group. The Group does operate substantially autonomous businesses which operate separately from one another and from the Group. Risks with a potential reputational impact are identified on the relevant Group and Subsidiary risk registers and appropriate controls are in place including an escalation procedure to the Group Board.

All new business opportunities are also risk assessed including potential impact on reputation of the businesses and Group, and processes are in place to manage any brand reputation incidents from sold businesses bearing the name of the Company.

# **Bibby Line Group Limited**

## **Strategic Report**

### **COVID-19 / Pandemic**

The Group's number one priority has been the safety of our colleagues and customers throughout the pandemic and whilst the full impact of COVID-19 on the markets in which our businesses operate remains unknown, we remain confident in our business model and strong experience of our colleagues to respond well to the challenges and opportunities that may arise. The Group's businesses have demonstrated operational resilience to continue to operate effectively through the pandemic, with a large proportion of colleagues being able to work from home, supported by robust systems and technology. Where our customer facing businesses have continued to operate, COVID-19 safety measures have been introduced and monitored to ensure the safety of our colleagues and customers. The Group is in a good capital position to manage against lower profitability. The Group and its businesses have strong funding relationships to meet its requirements. The Group continues to take a considered approach to managing the impact of COVID-19 on its key stakeholders including scenario planning to ensure that it remains well positioned as the situation evolves.

# **Bibby Line Group Limited**

## **Strategic Report**

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

The BLG Board of Directors consider, both individually and together, that they have acted in the way that, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s.172 (1)(a-f) of the Companies Act) in the decisions taken during the year ended 31 December 2020. The new s.172 legislation became effective in the UK in the prior year, aimed at helping stakeholders to understand better how directors have discharged their duties. In FY20, the directors of the Company continued to exercise these duties while having regard to the s.172 matters.

The stakeholders we consider in this regard are our employees, our subsidiary businesses, our shareholders, our customers and suppliers, 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.

BLG always looks to support its investments and has a good history of doing so to protect employees and suppliers. On rare occasions, however, for the benefit of the long-term success of the Group it has regrettably had to take difficult decisions as a last resort.

The section below covers how the directors of the company have acted in the way they have considered, in good faith, to most likely promote the success of the company for the benefit of its members as a whole, and in doing so have regarded (amongst other matters):

#### **(a) The likely consequences of any decision in the long-term**

The Group is over 90% owned by the Bibby family, principally through family trusts. The Group's purpose is to be a good investment through growing the long-term value of the Group within an agreed risk framework. As custodians of the family business for future generations, the purpose, whilst guided by our shared values, is to create a diverse Group of innovative companies that develop colleagues, delight customers and give back to communities.

The nature of the shareholding enables the Group to take a long-term view of its trading businesses and provides the rationale for diversification within the portfolio.

Long-term strategic opportunities are captured in the annual Strategy and Group Operating Plan processes which are presented to the Group Board every year. The Operating Plan covers a three-year horizon, with the Strategy review looking further out as appropriate. Short-term opportunities to improve performance, resilience and liquidity are captured through monthly and quarterly performance review meetings with each business, which are led by the Group Managing Director and subsidiary board Chair respectively. In 2020 the Group CEO as subsidiary Board Chair led the meetings.

The strong governance structure in place within the Group, as highlighted in detail on pages 25-28, has also been cascaded to the subsidiary Boards to ensure clarity on decisions requiring subsidiary and holding company Board approval.

A long-term incentive plan is in place for the executive directors of the Group Board and certain senior employees in the central team, to incentivise the delivery of long-term objectives.

As highlighted within our values, we try to look ahead, to anticipate customer needs and deliver innovative solutions.



# **Bibby Line Group Limited**

## **Strategic Report**

### **(b) The interests of the company's employees**

As stated on page 5 of the Strategic Report, our values are core to the way in which we do business. Our colleagues are the most important part of our business and we deliver on our objectives by living our values. Our aim is to give colleagues the right tools and training for their job, and support and trust them to carry out their role in a professional and customer-focused way in line with our values. Whilst we support and trust our colleagues to carry out their roles, we also have controls in place to ensure performance is maintained and also that health and wellbeing are monitored, especially as the majority of our colleagues continue to work from home.

The first ever Group-wide cultural questionnaire was launched in October 2020. 'Involving You' is part of a suite of measures to help BLG better monitor and understand colleague experiences, opinions and behaviours regarding company culture, providing a benchmark and consistent measurement approach across the Group. The Group's Cultural Score was 66.9, placing it in the 2nd highest category 'Clearly the best', showing a positive starting position.

The holding company engages with colleagues across the Group through a variety of channels including: Bibby eNews – an electronic newsletter that includes news, features and stories from across the Group; CEO/MD video and written updates; social media posts and news; and programme or project specific updates through subsidiary townhalls (delivery of colleague updates in person or via Teams/Zoom), company newsletters, and local digital channels.

Despite most of our colleagues working remotely for most of the year, the Group continued to evolve its Inclusion and Diversity ('I&D') Programme including developing statements and policies put in place for each business in 2019, measuring Learning & Development improvements, promoting learning modules and a calendar of Group-wide events including International Women's Day, Mental Health Awareness Week and Pride to celebrate our inclusive culture.

### **(c) The need to foster the company's business relationships with suppliers, customers and others**

As highlighted in our values, we seek to understand the goals of our businesses, customers, suppliers and people and we work together as a team.

The Group's principal trading subsidiaries use external Net Promoter Scores and Trustpilot ratings to support strong service level provision to their customers.

The Group communicates openly with the BLG Pension Trustee Board, providing trading updates at least twice a year.

The holding company also provides regular financial information and business updates to its main relationship banks, credit reference agencies and main third-party advisors to ensure those parties have a detailed understanding of the business.

### **(d) The impact of the company's operations on the community and the environment**

Safety, Health, Environment and Quality (SHEQ) is considered fundamental to our business success and our colleagues' wellbeing. The Group is committed to being a responsible organisation and minimising environmental impact, creating safe places for our people to work and develop, and supporting our communities.

In respect of our three key focus areas, some of the actions taken in 2020 are highlighted below:

# Bibby Line Group Limited

## Strategic Report

### *Minimising Environmental Impact*

- Globally, maritime transport accounts for 3.5% to 4% of all climate change emissions; mostly carbon dioxide. In October 2020, Marine, in collaboration with other marine industry leaders, launched the WaveMaster Zero C project, which aims to analyse and determine which alternative fuel is best suited to the next generation service operation vessels. The results of this project have the potential to revolutionise the global shipping industry.
- Garic continued to lead the way with its award-winning eco-range which is helping customers to reduce the negative impact on the environment, whilst still providing market leading infrastructure solutions. Over 60% of Garic's fleet is now Eco/Hybrid, and the solar energy that this element of its fleet alone delivers daily is enough to power the average UK home for eight months.
- Distribution continued their 'Road to Zero' Programme, honouring their ambition to achieve Zero Harm, Zero Waste and Zero Emissions. In 2020, Distribution reduced CO2 per vehicle kilometre by 12.3%, and reduced CO2 per square foot of warehouse space by more than 60%. Distribution also invested in a new fleet of trucks, specialist trailers and tankers with every vehicle meeting Euro 6 standards - the latest EU directive to reduce harmful pollutants from vehicle exhausts.
- Each subsidiary presents an environmental report to their Board on an annual basis and our Streamlined Energy Carbon Reporting (SECR) is on pages 21-23.

### *Creating Safe Places*

- Marine reported no Lost Time Injuries (LTIs) again in 2020, meaning no LTIs have been sustained on their WaveMaster vessels in the 1.5 million exposure hours since operations began, and they have achieved 15 million exposure hours since the last LTI on the floating accommodation fleet.
- Garic holds a Gold RoSPA award in recognition of its outstanding health and safety achievements and Distribution received two prestigious Motor Transport Awards for Safety and Technical Excellence, after recording its safest and most efficient year.

### *Supporting Our Communities*

- The Giving Something Back (GSB) Programme, now in its 14<sup>th</sup> year, supports employees to fundraise and volunteer for causes close to their hearts, including match funding support.
- In 2020, despite a dramatic reduction in fundraising opportunities due to the COVID-19 pandemic, and the need to cancel a UK central trek event, colleagues and the businesses were still able to fundraise and donate over £143,000 to local charities.

### **(e) The desire of the company to maintain a reputation for high standards of business conduct**

The Bibby values provide an important guiding framework for decisions and actions.

The holding company Board of Directors ensure that appropriate processes are in place to recruit and employ suitably qualified and trained employees within each business as well as taking key decisions regarding investment for the future.

If issues are detected, the Group Board react quickly to support the business in seeking answers, working with external parties where specific expertise is required, and correcting as necessary. At the end of 2020 the decision was taken to recruit an independent non-executive director to the Board of BFS and to Chair the BFS Audit Committee as recommended by the findings of the prior year internal audit review into BFS.

# Bibby Line Group Limited

## Strategic Report

The Audit and Risk Committee helps to ensure that high standards are maintained through its review of the application of corporate governance, corporate reporting, risk management, and internal control activities, led by the internal audit function. This includes overseeing the relationship with the Group's external auditor.

The company is committed to and has applied the principles of corporate governance contained in the Wates Corporate Governance Principles for large private companies. More detail of our approach can be found on pages 25-28.

### **(f) The need to act fairly as between members of the company**

The Group Board of Directors understands the need to act fairly between members of the company. We engage with our shareholders through a number of channels with examples including the annual report, annual review, AGM and trading updates, and are responsive to all questions from shareholders.

### **Key decisions in the year**

We consider the key decisions to be those decision taken by the Board directly, which should not be delegated to either Management or a Committee of the Board, and which may have a potentially material impact on the Group's strategy, stakeholders or the long term value creation of the Group. These key decisions can be grouped into the following categories:

- Review and approval of key judgements affecting the annual financial results
- Capital allocation (approval of the annual budget, subsidiary investment and disposal, and recommendation of interim or full year dividends)
- Material funding and treasury matters
- Tax Strategy and Governance
- M&A activity
- Review of matters reserved for the Board (including appointment of new auditors)
- Material supplier and customer contracts
- Strategy review
- Review of the Group's three year operating plans
- Group statements (the approval of the Group's modern slavery statement and gender pay gap report)

Approved by the Board on 16 August 2021 and signed on its behalf by:



.....  
Janine Al-Kazaz, Company Secretary  
Bibby Bros. & Co. (Management) Limited

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

# **Bibby Line Group Limited**

## **Directors' Report**

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

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

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

Sir Michael Bibby Bt. DL - Chairman

John Cresswell – Chief Executive Officer (resigned 31 December 2020)

Jonathan Lewis – Group Managing Director

David Anderson

Geoffrey Bibby

Paul Drechsler (resigned 19 June 2020)

Caroline Hoare (resigned 28 October 2020)

Paul Drechsler stepped down as Chairman with effect from 19 June 2020 and was replaced by Sir Michael Bibby Bt. DL.

John Cresswell resigned as Group Chief Executive Officer with effect from 31 December 2020 and Jonathan Lewis, former Group Chief Financial and Strategy Officer, took on the role of Group Managing Director from 1 January 2021.

### **Directors' liabilities:**

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

### **Group Results:**

The Group loss for the year after taxation amounts to £25.9m (2019: £25.3m loss).

After taking account of movements through the statement of changes in equity, total shareholders' funds have reduced from £167.5m to £141.8m. A review of the Group's pre-tax results is shown on pages 7-8.

### **Going concern statement:**

The Directors have a reasonable expectation that BLG has 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, the ongoing impact of COVID-19 and updated cash flow forecasts for a period of 12 months from the date of signing these financial statements. Most importantly, the Directors considered the completion of the disposal of the Distribution and Costcutter businesses and their significant contribution

# **Bibby Line Group Limited**

## **Directors' Report**

to the Group liquidity position. Additionally, further external financing was secured in 2021 in respect of the WaveMaster Horizon vessel which provided additional liquidity to BLG.

At the end of the forecast period BLG has sufficient liquidity to cover its forecast costs without need for dividends from its subsidiaries. At 31 December 2020 the Company owed £15.5m (2019: £12.5m) to Bibby Financial Services Limited, which is repayable on demand, but Bibby Financial Services Limited have confirmed there is no expectation that the loan will be called within the next 12 months.

Further details regarding the adoption of the going concern basis can be found in the Accounting Policies in Note 1c of the Financial Statements.

### **Matters included in the 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, charitable donations, 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. Details of the principal activities, the FY20 business review and corporate responsibility are also included within the Strategic Report on pages 5-18.

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

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

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

### **Non-adjusting events after the financial period:**

#### **Disposals**

As at the year-end, an agreement had been reached with Bestway Wholesale for the sale of Costcutter Supermarkets Holdings Limited (and its subsidiaries), subject to FCA approval. Post year end approval was received, and the sale completed on 19 February 2021, realising a profit on disposal. No adjustment has been made to the 2020 balance sheet as a result of the transaction. The business had net liabilities of £30m as at 31 December 2020.

#### **Dividends:**

No interim or final dividend was paid in 2020.

An FY21 interim dividend of £64 per ordinary share and £217.32 per A ordinary share was paid in January 2021 following the disposal of the Distribution business and agreed disposal, subject to FCA approval, of the Costcutter business.

# **Bibby Line Group Limited**

## **Directors' Report**

### **Financial instruments:**

As highlighted within the Strategic Report, policies are in place to effectively manage the financial risks, with the most significant considered to be liquidity risk, capital adequacy, finance cost risk and credit risk. In each case, the risk is managed by matching assets and liabilities on the relevant basis.

### **Disabled employees:**

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

### **Research and development:**

As highlighted on page 17, globally maritime transport accounts for 3.5% to 4% of all climate change emissions; mostly carbon dioxide. In October 2020, Marine, in collaboration with other marine industry leaders, launched the WaveMaster Zero C project, which aims to analyse and determine which alternative fuel is best suited to the next generation service operation vessels.

Garic continues to develop its award-winning eco-range, which is helping customers to reduce the negative impact on the environment, with over 60% of Garic's fleet now Eco/Hybrid.

Costcutter continues to invest in marketing related technology to lead the way in the sector in utilisation of data and insights to help their independent retailers thrive. Its 'Shopper First' business growth programme provides retailers with bespoke, actionable insights to help them tailor their offer, range, local marketing and investment decision to drive basket spend and footfall.

### **Auditors:**

Deloitte LLP resigned as auditors on 21 December 2020. The directors appointed Mazars LLP to fill the casual vacancy.

Mazars LLP have expressed their willingness to continue in office as auditors and a members' written resolution to reappoint them in accordance with the provisions of s.485 of the Companies Act 2006 will be proposed to the members by the Directors.

### **Streamlined Energy & Carbon Reporting:**

The Group recognises the impact climate change has on the environment and society and we are committed to reducing our energy consumption as well as our impact on the environment from our business operations.

This requires significant investment in our vessels, vehicles and offices and we have taken great strides to reduce our impact on the environment. Various programmes / initiatives have been introduced including Road to Zero, Sustainable Business Futures, Route planning and WaveMaster Zero-C which is a project to evaluate five different alternative vessel fuels and a feasibility study reviewing the retrofitting of battery, hydrogen fuel cells and carbon capture technologies to existing vessels' power generation systems.

# Bibby Line Group Limited

## Directors' Report

In 2021, Project Compass was established to bring greater focus to the shareholder strategic objectives, one of which is the Environment. The Group remains committed to continuously improving its environmental performance and has launched Project Compass with a clear vision as noted below:

*"We are committed to becoming an increasingly sustainable business, striving to minimise our own environmental impact and influencing positive change with our customers, colleagues & suppliers."*

Our strategy to achieve this is:

1. **Be Responsible** – Measuring our current impact across our businesses and supply chains with a plan to improve our collective carbon footprint and GHG emissions and reduce our impact on the environment
2. **Be Responsive** – manage our environmental and reputational risk by monitoring and addressing risks across our businesses and our supply chains whilst educating our colleagues, clients and suppliers
3. **Be strategic** – Leveraging opportunity and increasingly investing in sustainable solutions putting environmental decisions front and centre of all commercial decision making to achieve these objectives

Each of our businesses are committed to this vision and are to develop a strong robust baseline to measure our carbon footprint individually and collectively and develop and implement plans.

As noted on pages 6 and 10, in December 2020 BLG sold its Distribution business and agreed a sale of Costcutter, which completed in February 2021. Both subsidiaries' data has been included within our emissions reporting for 2020.

### Energy Efficiency actions

In the reporting period, BLG and its subsidiaries have continued to promote ways on efficient usage of energy usage and how this can be reduced. A highlight of some of the actions taken include:

- Marine's WaveMaster Zero C project has reached the analysis stage. Five concepts have been designed (HVO, methanol, battery, ammonia and liquid hydrogen). These will continue to be evaluated from a technical, environmental, economic and infrastructure standpoint, before recommending the best suited alternative-fuel for the next generation of zero carbon ships. Bibby Marine have also bid for several R&D projects through InnovateUK's Clean Maritime Demonstration Competition, which would see the business build on its route towards zero emission operations.
- Marine are working with catering providers on the WaveMaster ships to achieve reductions in general environmental impacts in this area including reduction in single-use plastics.
- A Marine cost-benefit analysis of replacing fluorescent lighting with LED alternatives has commenced, and it is expected this will lead to energy consumption reductions on all vessels.
- All new Euro 6 service Garic HGVs are equipped with an automated engine idle system that will switch the engine off when left for a period of time, plus ongoing driver training programmes and education to reduce impact on the environment.
- Only Hybrid / Electric vehicles are now available on all Garic company car grouping levels and charge points for electric and hybrid vehicles are to be installed in 2021, with each Garic depot having a charge point facility available.

# Bibby Line Group Limited

## Directors' Report

- Birmingham, Banbury and Manchester BFS offices have moved to renewable energy whilst standard recycling has been introduced in all BFS offices. The BFS Head Office café has also gone plastic free and café waste is sent to a local pig farm.

### GHG Emissions and Usage 1 January 2020 – 31 December 2020

Energy Used (expressed in kWh)	Total Group	Total UK	BLG	BFS	Marine*	Garic	Costcutter	Distribution
Gas	626,650	626,650	-	1,846	-	-	121,366	503,438
Electricity	13,513,907	9,215,141	132,607	1,164,099	4,298,766	652,336	3,751,603	3,514,496
Transport	259,577,957	216,380,597	-	677,573	55,066,790	9,512,987	804,116	193,516,491
Other	221,262	221,262	-	-	-	-	50	221,212

*\*the Marine total for Transport is split 11,869,430 UK, 43,197,360 Rest of World, and the Marine total for Electricity is all Rest of World.*

Emissions (expressed in tonnes of CO2e)	Total Group	Total UK	BLG	BFS	Marine*	Garic	Costcutter	Distribution
Gas	115.33	115.33	-	0.38	-	-	22.35	92.60
Transport – own vehicles	64,013.70	50,063.70	-	114.45	15,136.00	2,194.35	-	46,568.90
Transport – business travel	407.04	407.04	-	97.89	-	85.54	223.61	-
Electricity	3,535.09	2,679.09	46.62	339.07	859.00	152.09	1,318.91	819.40

*\*the Marine total for Transport is split 1,186 UK, 13,950 Rest of World, and the Marine total for Electricity is all Rest of World.*

### Intensity Ratio – Emissions / Sales revenue (Tonnes CO2e/£m)

Intensity Metric	Total Group	Total UK	BLGL	BFS	Marine*	Garic	Costcutter	Distribution
Emissions / Sales Revenue	1,092.20	1,092.20	N/A	92.3	622.37	70.26	3.19	304.08

*\*the total Intensity Metric for Marine can be split 697.6 UK, 617.0 Rest of World.*

### Methodology

The methodology used to calculate the SECR greenhouse gas emissions is the UK Government GHG conversion factors for Company Reporting 2020. In addition, electricity emissions use metered kWh consumption taken from supplier invoices or from energy brokers data. Transport emissions have been calculated from Fuel Card data and expense claims.



# **Bibby Line Group Limited**

## **Directors' Report**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 16 August 2021 and signed on its behalf by:



.....  
Janine Al-Kazaz

Bibby Bros. & Co. (Management) Limited

Company Secretary

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

# Bibby Line Group Limited

## Statement of Corporate Governance Arrangements

The Company is committed to and has applied the principles of corporate governance contained in the Wates Corporate Governance Principles for large private companies for the year ended 31 December 2020. Further explanation of how each principle has been applied is set out below.

### **Purpose and leadership:**

*An effective board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.*

Founded in Liverpool in 1807, we are one of the UK's oldest family owned businesses, with over 200 years' experience of providing personal, responsive and flexible customer solutions.

As set out on page 5, our purpose is to grow the long-term value of the Group. Guided by our shared values, we are custodians of the family business for future generations, creating a diverse Group of innovative companies that develop colleagues, delight customers and give back to communities.

Our values are core to the way in which we do business. These are set out on page 5.

An overview of the Group's strategy and our corporate strategic objectives are also set out on page 5.

### **Board composition:**

*Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.*

The Board of Directors is set out on page 19. The overall size of the BLG Board has been reduced in line with the reduced size and complexity of the Group, whilst maintaining a balance of skills and experience. The Group Board has a stronger Marine focus and therefore recognised the importance of introducing a non-executive director in 2021 to sit on the BFS Board to provide relevant experience and challenge.

**The Role of the Board** is to work with management to review, challenge, and agree the strategy of the business, monitor progress against the strategy and review the mitigation of risks that may affect the execution of the strategy. The Board is collectively responsible for ensuring that the Group is well governed and there is an appropriate portfolio of companies to spread risk effectively. It also reviews trading performance, funding facilities, talent management, and maintains oversight of the Group's systems of risk management and internal control.

The Non-Executive Directors are responsible for bringing independent scrutiny and judgement to bear on the decisions taken by the Board. The Group has a separate Chairman and Chief Executive to ensure that the balance of responsibilities, accountabilities and decision making across the Group are effectively maintained.

The schedule of matters reserved for the Board includes the appointment of Group directors or divisional chief executives, significant acquisitions, significant capital expenditure or leases, financial guarantees and bank facilities, and changes to Group accounting policies.

The BLG Board held nine board meetings during 2020 and a further twenty Board calls, predominantly during the initial COVID-19 lockdown, supplemented by regular executive team meetings, communication via email, and conversations between the Executive and Non-Executive Directors. During 2020 there was full attendance at all but one Board meeting. Caroline Hoare was unable to attend one meeting on 8 October 2020.

# Bibby Line Group Limited

## Statement of Corporate Governance Arrangements

During 2020, the subsidiary Boards included at least one representative of the Group holding company as a Non-Executive Director, at least one of whom was an Executive Director of BLG who chaired the Board.

The Group Board is responsible for the appointment of the subsidiary Chief Executives who are granted significant autonomy as to how to run their business, with oversight from their subsidiary Board. The Group has cascaded the governance structure to the subsidiary Boards providing clarity on decisions requiring subsidiary, and Group Board approval.

### **Directors' responsibilities:**

*The Board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.*

The executive team is responsible for day to day management, with certain restrictions on their powers set out in the company's 'Matters Reserved for Board Approval' schedule.

The one independent Non-Executive Director remaining on the Group Board at the end of 2020 is wholly independent in that they have no business relationships with the company that might influence their independence or judgement.

We also have two family Directors, Sir Michael Bibby Bt. DL and Geoffrey Bibby. Geoffrey Bibby represents the interests of the major shareholders, and Sir Michael Bibby Bt. DL, acting as Chairman, represents the interests of all shareholders.

Each Board member has a clear understanding of their accountabilities and responsibilities. The Board receives a monthly performance report which contains key commercial and operational performance reporting, financial information and KPIs. The performance report facilitates Board discussion and engagement on key issues.

Of the nine Board meetings held in 2020, there were eight Board meetings with broad agendas and an annual two day meeting that solely focused on the review of the Group and divisional strategy as set out in the operating plans. The twenty Board calls had narrow agendas focusing on COVID-19 related issues, including liquidity during the pandemic.

Certain governance responsibilities are delegated to the Audit and Risk Committee and Remuneration Committee. The Audit and Risk Committee's purpose is set out below and the Remuneration Committee's purpose is set out on page 27.

**The Audit and Risk Committee's purpose** is to review the application of corporate governance, corporate reporting, risk management, and internal control activities within BLG and advise the Group Board on such matters. The Audit and Risk Committee also oversees the Group's relationship with the Group's external auditor.

The Audit and Risk Committee members are the Non-Executive Directors of the Company (apart from the Chairman), who are considered to have appropriate financial expertise. During 2020, the Chairman, External Auditor, Group Chief Executive Officer, Group Chief Financial and Strategy Officer, Director of Group Finance & Tax and Group Head of Internal Audit were invited to attend meetings of the Committee as required.

During 2020 the Committee met six times, in line with the Company's financial reporting cycle, to review the annual internal audit plan and to discuss the BFS internal audit review findings and impact on the rest of the Group. There was full attendance by the Committee members at all of the meetings. The Audit and Risk Committee reviewed the work of internal audit within BLG and met with the external auditors to review

# Bibby Line Group Limited

## Statement of Corporate Governance Arrangements

the completion of the 2019 statutory audit, confirm independence of the auditors and planning for the 2020 statutory audit. The Audit and Risk Committee was also involved in the competitive tender process to replace Deloitte LLP as Group auditors and the proposal to appoint Mazars LLP as Group auditors for the FY20 statutory audit.

The Audit and Risk Committee continually reviews the form of the Annual Report to ensure that it accurately meets the needs of its recipients, whilst at the same time properly reflects the Group's status as a private company.

The Audit and Risk Committee has set guidelines for the pre-approval of all non-audit services to be provided by the external auditors. The Committee reviewed the external audit fee arrangements and concluded that they are appropriate.

### Opportunity and risk:

*A Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.*

Long-term strategic opportunities are captured in the annual Group Operating Plan process which is presented to the Group Board every year and covers a three year horizon. Short-term opportunities to improve performance, resilience and liquidity are captured through monthly and quarterly performance review meetings with each business, which in 2020 were attended by the Group Chief Executive Officer and the Group Chief Financial & Strategy Officer.

Our Principal Risks and Uncertainties are detailed on pages 12-14. These are monitored and managed through the quarterly performance review meetings with each business and are reported to the BLG Group Audit & Risk Committee.

### Remuneration:

*A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.*

The Board delegates responsibility for the remuneration of holding company executive directors, any subsidiary business Chief Executive Officer, and other senior managers with salary over a certain level to the Remuneration Committee.

**The Remuneration Committee's purpose** and guiding principles is to review and approve the remuneration (including all salary, bonus and other benefits) of the holding company executive directors, any subsidiary business Chief Executive Officer, and other senior managers with salary over a certain level. The members of the Remuneration Committee are the Non-Executive Directors of the Company, except the Chairman. During 2020 the Group Chief Executive Officer and Group HR Director were in attendance at each Remuneration Committee meeting, and the Chairman was also invited to attend.

The Remuneration Committee met six times during 2020. There was full attendance throughout the year.

In determining these remuneration packages, the Committee has regard to:

- the importance of recruiting and retaining management of the quality required;
- aligning the objectives of management with those of the shareholders; and
- giving every encouragement to enhancing the Group's performance through innovation and achievement in the very competitive markets in which the Group operates.

# **Bibby Line Group Limited**

## **Statement of Corporate Governance Arrangements**

All Executive Directors have service contracts with the Company which are terminable within six months by either party. Details of director remuneration are given in note 10 to the financial statements.

The Group operates a long-term incentive plan for the Executive Directors of the Group Board, senior employees in the central team and certain Executive Directors and key employees of the main operating subsidiaries.

### **Stakeholder relationships and engagement:**

*Directors should foster effective stakeholder relationships aligned to the company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.*

The Group is committed to being a responsible organisation, including minimising environmental impact, creating safe places for our people to work and develop, while supporting our communities, as explained in our s.172 Statement on pages 15-18.

As also described on pages 15-18, the Group continually develops effective employee communication, consultation and involvement. Colleague engagement surveys are completed in all businesses with the results and related actions being reviewed at the Quarterly Performance Reviews.

The Group's businesses use external Net Promotor Scores, Trustpilot ratings or similar tools to support strong service level provision to their customers.

The Group communicates openly with the BLG Pension Trustee Board, providing trading updates not less than twice a year.

### **2021 changes to Corporate Governance Arrangements:**

As mentioned on page 10, the Group Chief Executive Officer, John Cresswell, stepped down at the end of December 2020, with the Group Chief Financial & Strategy Officer, Jonathan Lewis, stepping up as Group Managing Director from the start of 2021.

Geoffrey Bibby was also appointed as a Non-Executive Director to all the subsidiary boards, effective 1 January 2021.

The Group Managing Director is a Non-Executive Director of all subsidiary Boards. The BFS and Marine Boards are chaired by the Group Chair and the Garic Board is chaired by the Group Managing Director.

Short-term opportunities to improve performance, resilience and liquidity are captured through monthly and quarterly performance review meetings with each business. In 2021 these will be attended by the Group Managing Director, supported by the Director of Group Finance & Tax, the Group Investment Director and the Group HR Director.

During 2021, the Chairman, External Auditor, Group Managing Director, Director of Group Finance & Tax and Head of Internal Audit will be invited to attend meetings of the Audit and Risk Committee as required.

The Group Chair of the Audit & Risk Committee was temporarily appointed as Chair of the BFS Audit Committee in March 2021 until an independent NED could be appointed to BFS' Board. The Group Chair of the Audit & Risk Committee was invited to continue to attend the BFS Audit Committee meetings during 2021.

During 2021 the Group Managing Director and Group HR Director will be in attendance at each Remuneration Committee meeting, and the Chairman will also be invited to attend.

# **Bibby Line Group Limited**

## **Directors' Responsibilities Statement**

For the year ended 31 December 2020

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 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 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 Line Group Limited**

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

For the year ended 31 December 2020

### **Opinion**

We have audited the financial statements of Bibby Line Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise consolidated profit and loss account, consolidated statement of comprehensive income, consolidated balance sheet, company balance sheet, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement 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 of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 Line Group Limited**

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

For the year ended 31 December 2020

### **Other information**

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

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

We have nothing to report in this regard.

### **Opinions 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 Line Group Limited**

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

For the year ended 31 December 2020

### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 29, 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.

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 its industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries, management bias through judgements and assumptions in significant accounting estimates.

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

- Discussing with the directors and management their policies and procedures regarding compliance with laws and regulations.

## **Bibby Line Group Limited**

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

For the year ended 31 December 2020

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

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

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

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

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

#### **Use of the audit 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.



*Tim Hudson* (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Manchester

16 August 2021

# Bibby Line Group Limited

## Consolidated Profit and Loss Account

For the year ended 31 December 2020

		Continuing Operations	Discontinued Operations	Total 2020	Continuing Operations	Discontinued Operations	Total 2019
	Note	£000	£000	£000	£000	£000	£000
<b>Turnover</b>	3	676,955	155,572	832,527	633,923	201,490	835,413
Cost of sales		(626,897)	(131,279)	(758,176)	(593,686)	(182,460)	(776,146)
<b>Gross profit</b>		50,058	24,293	74,351	40,237	19,030	59,267
Administrative expenses		(59,424)	(24,753)	(84,177)	(54,456)	(30,295)	(84,751)
Other operating income	4	2,162	1,294	3,456	758	32	790
<b>Operating loss before exceptional items</b>		<b>(7,204)</b>	<b>834</b>	<b>(6,370)</b>	<b>(13,461)</b>	<b>(11,233)</b>	<b>(24,694)</b>
Exceptional items	7	(32,059)	-	(32,059)	-	(4,188)	(4,188)
<b>Operating loss</b>		<b>(39,263)</b>	<b>834</b>	<b>(38,429)</b>	<b>(13,461)</b>	<b>(15,421)</b>	<b>(28,882)</b>
Profit/(loss) on disposal of fixed assets	6	(186)	29	(157)	1,735	251	1,986
Profit on disposal of subsidiaries	6	-	15,760	15,760	-	900	900
<b>Loss on ordinary activities before interest</b>		<b>(39,449)</b>	<b>16,623</b>	<b>(22,826)</b>	<b>(11,727)</b>	<b>(14,270)</b>	<b>(25,996)</b>
Finance cost (net)	5	(3,096)	(670)	(3,766)	(2,099)	(1,609)	(3,708)
<b>Loss on ordinary activities before taxation</b>		<b>(42,545)</b>	<b>15,953</b>	<b>(26,592)</b>	<b>(13,825)</b>	<b>(15,879)</b>	<b>(29,704)</b>
Taxation on loss on ordinary activities	11	955	(296)	659	4,943	(575)	4,368
<b>Loss for the financial year</b>		<b>(41,590)</b>	<b>15,657</b>	<b>(25,933)</b>	<b>(8,882)</b>	<b>(16,454)</b>	<b>(25,336)</b>

# Bibby Line Group Limited

## Consolidated Statement of Comprehensive Income For the year ended 31 December 2020

	Note	2020 £000	2019 £000
<b>Loss for the financial year</b>		<b>(25,933)</b>	<b>(25,336)</b>
Remeasurement of net defined benefit on pension liabilities	27	(1,692)	(3,080)
Currency translation difference on foreign currency net investments		1,619	(3,425)
Deferred tax credit on items of other comprehensive income		321	524
<b>Total comprehensive expense for the year</b>		<b>(25,685)</b>	<b>(31,317)</b>
Total comprehensive income for the year attributable to: Equity shareholders of the Company		<b>(25,685)</b>	<b>(31,317)</b>

# Bibby Line Group Limited

## Consolidated Balance Sheet

As at 31 December 2020

	Note	2020 £000	2019 Note 1 £000
<b>Fixed assets</b>			
Intangible assets	13	11,262	43,704
Tangible assets	14	120,611	140,634
Investments	12	149	149
		<hr/> 132,022	<hr/> 184,487
<b>Current assets</b>			
Stock	15	2,971	3,730
Debtors	16	898,001	1,187,700
Cash and cash equivalents		103,604	75,081
		<hr/> 1,004,576	<hr/> 1,257,607
<b>Creditors: Amounts falling due within one year</b>	17	<hr/> (526,175)	<hr/> (420,977)
<b>Net current assets</b>		<hr/> 478,401	<hr/> 845,534
<b>Total assets less current liabilities</b>		<hr/> 610,423	<hr/> 1,030,021
<b>Creditors: Amounts falling due after more than one year</b>	18	(463,855)	(853,368)
Provisions for liabilities and charges	20	(2,202)	(3,328)
Net pension liability	27	(2,581)	(5,855)
<b>Net assets</b>		<hr/> <hr/> 141,785	<hr/> <hr/> 167,470
<b>Capital and reserves:</b>			
Called-up share capital	22	18,005	18,005
Other reserves	22	275	275
Profit and loss account		123,505	149,190
<b>Total shareholders' funds</b>		<hr/> <hr/> 141,785	<hr/> <hr/> 167,470

The financial statements of Bibby Line Group Limited were approved by the board of directors and authorised for issue on 16 August 2021. They were signed on its behalf by:



Jonathan Lewis      Director

# Bibby Line Group Limited

## Company Balance Sheet

As at 31 December 2020

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	14	215	34
Investments	12	67,600	75,600
		<u>67,815</u>	<u>75,634</u>
<b>Current assets</b>			
Debtors	16	50,219	43,113
Cash at bank and in hand		13,907	6,307
		<u>64,126</u>	<u>49,420</u>
<b>Creditors: Amounts falling due within one year</b>	17	<u>(51,279)</u>	<u>(45,378)</u>
<b>Net current assets</b>		<u>12,847</u>	<u>4,042</u>
<b>Total assets less current liabilities</b>		80,662	79,676
<b>Creditors: Amounts falling due after more than one year</b>	18	(154)	(154)
Provisions for liabilities and charges	20	(701)	(649)
Net pension liability	27	<u>(2,581)</u>	<u>(5,822)</u>
<b>Net assets</b>		<u>77,226</u>	<u>73,051</u>
<b>Capital and reserves:</b>			
Called-up share capital	22	18,005	18,005
Other reserves	22	275	275
Profit and loss account		<u>58,946</u>	<u>54,771</u>
<b>Total shareholders' funds</b>		<u>77,226</u>	<u>73,051</u>

The company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006.

The company has made a profit for the financial year of £5,546,000 (2019: £786,000).

The financial statements of Bibby Line Group Limited (registered number 00034121) were approved by the Board of Directors and authorised for issue on 16 August 2021. They were signed on its behalf by:



Jonathan Lewis      Director

# Bibby Line Group Limited

## Consolidated Statement of Changes in Equity

	Called-up share capital £000	Capital redemption £000	Profit and loss account £000	Total £000
<b>At 1 January 2020</b>	18,005	275	149,190	167,470
<b>Loss for the financial year</b>	-	-	(25,933)	(25,933)
Currency translation differences	-	-	1,619	1,619
Remeasurement of net defined benefit pension liabilities	-	-	(1,692)	(1,692)
Tax relating to items of other comprehensive income	-	-	321	321
<b>Total comprehensive expense</b>	-	-	(25,685)	(25,685)
Dividends paid on equity shares	-	-	-	-
<b>At 31 December 2020</b>	18,005	275	123,505	141,785

	Called-up share capital £000	Capital redemption £000	Profit and loss account £000	Total £000
<b>At 1 January 2019</b>	18,005	275	181,629	199,909
<b>Loss for the financial year</b>	-	-	(25,336)	(25,336)
Currency translation differences	-	-	(3,425)	(3,425)
Remeasurement of net defined benefit pension liabilities	-	-	(3,080)	(3,080)
Tax relating to items of other comprehensive income	-	-	524	524
<b>Total comprehensive expense</b>	-	-	(31,317)	(31,317)
Dividends paid on equity shares	-	-	(1,122)	(1,122)
<b>At 31 December 2019</b>	18,005	275	149,190	167,470

# Bibby Line Group Limited

## Company Statement of Changes in Equity

	Called-up share capital £000	Capital redemption £000	Profit and loss account £000	Total £000
<b>At 1 January 2020</b>	18,005	275	54,771	73,051
<b>Profit for the financial year</b>	-	-	5,546	5,546
Remeasurement of net defined benefit pension liabilities	-	-	(1,692)	(1,692)
Tax relating to items of other comprehensive income	-	-	321	321
<b>Total comprehensive income</b>	-	-	4,175	4,175
Dividends paid on equity shares	-	-	-	-
<b>At 31 December 2020</b>	18,005	275	58,946	77,226

	Called-up share capital £000	Capital redemption £000	Profit and loss account £000	Total £000
<b>At 1 January 2019</b>	18,005	275	57,663	75,943
<b>Profit for the financial year</b>	-	-	786	786
Remeasurement of net defined benefit pension liabilities	-	-	(3,080)	(3,080)
Tax relating to items of other comprehensive income	-	-	524	524
<b>Total comprehensive expense</b>	-	-	(1,770)	(1,770)
Dividends paid on equity shares	-	-	(1,122)	(1,122)
<b>At 31 December 2019</b>	18,005	275	54,771	73,051



# Bibby Line Group Limited

## Consolidated Cash Flow Statement

For the year ended 31 December 2020

	Note	£000	2020 £000	£000	2019 £000
Net cash inflow/(outflow) from non-financial services operating activities	24		24,987		(2,440)
Net cash inflow/(outflow) from financial services operating activities	24		238,234		53,175
<b>Net cash flows from operating activities</b>			<b>263,221</b>		<b>50,735</b>
<b>Cash flows from investing activities</b>					
Purchase of tangible and intangible fixed assets		(13,853)		(49,714)	
Proceeds on sale of tangible fixed assets		1,716		6,034	
Interest received		353		-	
Disposal of a subsidiary		45,599		900	
<b>Net cash flows from investing activities</b>			<b>33,815</b>		<b>(42,780)</b>
<b>Cash flows from financing activities</b>					
Equity dividends		-		(1,122)	
Dividends paid on preference shares		(15)		(15)	
Interest paid		(3,747)		(3,535)	
Repayment of amounts borrowed		(275,772)		(57,986)	
Capital element of hire purchase and finance lease payments		(2,505)		(165)	
New loans		3,000		20,399	
New hire purchase and finance lease agreements		2,159		40,623	
<b>Net cash flows from financing activities</b>			<b>(276,880)</b>		<b>(1,801)</b>
<b>Net increase in cash and cash equivalents</b>			<b>20,156</b>		<b>6,154</b>
<b>Cash and cash equivalents at beginning of year</b>			<b>71,778</b>		<b>68,310</b>
Non-cash items			(2,825)		-
Effect of foreign exchange rate changes			2,508		(2,686)
<b>Cash and cash equivalents at end of year</b>	26		<b>91,617</b>		<b>71,778</b>

# **Bibby Line Group Limited**

## **Notes to the Financial Statements**

For the year ended 31 December 2020

### **1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

#### ***a. General information and basis of accounting***

Bibby Line Group Limited ("the Company") is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is 3<sup>rd</sup> Floor Walker House, Exchange Flags, Liverpool, United Kingdom, L2 3YL.

The principal activities of the Company and its subsidiaries ("the Group") and the nature of the Group's operations are set out in the strategic report on pages 5-18.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The Group has applied the amendments to FRS 102 issued by the FRC in December 2017 with effect from 1 January 2019. The transitional provisions relating to the triennial review amendments have not resulted in any restatements of comparative information by the Group.

The functional currency of the Company is considered to be Sterling being the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in Sterling. Foreign operations are included in accordance with the accounting policies set out below.

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

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the reduced disclosure framework available to it in respect of its separate financial statements. Exemptions have been taken in relation to the presentation of a separate profit and loss account and cash flow statement.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 5-18. The principal risks and uncertainties are set out on pages 12-14.

#### ***b. Basis of consolidation***

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. The accounting periods of subsidiary undertakings are coterminous with those of the company, except for our Indian subsidiary where the statutory requirement is for a 31 March year end. Interim financial statements have been used for consolidation purposes for these entities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

#### ***c. Going concern***

The financial statements have been prepared using the going concern basis of accounting.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### *c. Going concern (continued)*

The reasons for the appropriateness of this assumption are located within the Directors' Report. The principal accounting policies have been applied consistently in dealing with items considered to be material to the Group and company's financial statements in the current and prior year.

The Company has historically been financed by dividends from the trading subsidiaries, principally Bibby Financial Services. Each subsidiary business has external financing and there are no banking guarantees in place between the subsidiary businesses and the Company in respect of external financing. The Company does provide support to certain subsidiary businesses for capital expenditure, working capital, and, when appropriate, to fund losses. It has also provided contractual support for the financing of the WaveMaster Horizon vessel. In these cases, formal loan agreements are put in place and draw-downs and repayments under those agreements are reflected in the holding company cash flow forecasts. There are no contractual obligations to provide funding over and above the amounts defined within existing agreements. Requests for financial support from the subsidiary businesses are considered on a case-by-case basis, subject to strict business case criteria and as a minimum requiring the approval of the Group Chief Executive Officer or for 2021 onwards the Group Managing Director.

In making their assessment of going concern the Directors have considered the cash flow forecasts for the holding company for a period of 12 months from the date of signing these financial statements. They have also considered the cash flow forecasts of the trading businesses for the same period. The continuing uncertain economic conditions, especially given the ongoing Covid-19 pandemic, present increased risks for all businesses. Due to the uncertainty of the outcome of the current events, BLG cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future. Notwithstanding this, the diversity of the Group's portfolio has provided a level of financial protection. This, coupled with support from our major lenders, should allow us to continue to respond well to the challenges and opportunities that may arise. The Directors will continue to monitor the impact of the Covid-19 pandemic on the activities of the Group.

In particular, the Directors have given consideration to the actions which could be taken in order to preserve liquidity in the event of a continued downturn in performance of Bibby Financial Services and therefore a restriction in dividend payments. As noted in the Post Balance Sheet Events (note 31), the completion of the disposal of the Costcutter business in February 2021, has significantly improved BLG's liquidity position, especially when coupled with the disposal of the distribution business in December 2020. Additionally, further external financing was secured in 2021 in respect of the WaveMaster Horizon vessel which provided additional liquidity to BLG. There are additional actions available to management to further preserve liquidity, such as constraining capital expenditure across the portfolio. There is also the opportunity to request additional funding from Garic, over and above the amounts already planned, due to the expected liquidity within that business.

Based on this assessment the Directors consider that the Group maintains sufficient capital and liquidity to meet both the contractual requirements of the divisions and the requirements which might reasonably be expected to arise in a downside scenario.

Taking into account reasonable potential changes in trading performance, the Directors consider that BLG has sufficient liquidity to cover its forecast costs without need for dividends from its subsidiaries for the next 12 months, from the date of approval of these accounts.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### *c. Going concern (continued)*

At 31 December 2020, the Company owed £15.5m (2019: £12.5m) to Bibby Financial Services Limited, which is repayable on demand, but Bibby Financial Services Limited have confirmed there is no expectation that the loan will be called within the next 12 months, from the date of approval of these accounts.

On the basis that the board of Directors consider the Group to be sufficiently funded and will continue in operational existence for the next 12 months from the date of approval of these accounts, the financial statements continue to be prepared on a going concern basis.

#### *d. Intangible assets – goodwill*

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. The remaining useful economic life of goodwill is considered separately for each acquisition. The amortisation period is dependent upon the circumstances of each acquisition and is currently between 4 and 20 years. Provision is made for any impairment when indicators of impairment are identified and an impairment test indicates the recoverable value-in-use is lower than the carrying value.

#### *e. Intangible assets – other*

Intangible fixed assets are stated at historic cost less accumulated amortisation. Amortisation is calculated using the straight line method to write down the cost of the assets over their estimated useful lives. Provision is made for any impairment.

Development costs within Financial Services have been recognised in accordance within FRS102 Section 18 Intangible Assets other than Goodwill and are therefore not treated, for dividend purposes, as a realised loss. The Group recognises an intangible asset arising from development (or from the development of an internal project) if it can demonstrate the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised as an intangible asset and amortised over the period during which the Group is expected to benefit (5-10 years within Financial Services) and charged to administrative expenses. Provision is made for any impairment.

#### *f. Fixed asset investments*

Fixed asset investments are shown at cost less any provision for impairment.

#### *g. Tangible fixed assets*

Tangible fixed assets are included at cost, less depreciation and any provisions for impairment. Depreciation is provided on a straight line basis to write off the cost of tangible fixed assets, less their estimated residual value, over their expected useful economic lives. Residual values are calculated at the amount currently expected to be obtained on disposal, less costs of disposal.

The annual rates of depreciation are:

- Freehold land – Nil
- Freehold buildings – 2%
- Long leasehold land and buildings – 2%
- Short leasehold land and buildings – The life of the lease
- Fleet – Varying rates between 4% and 20%

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 1. Accounting policies (continued)

- Vehicles and equipment – Varying rates between 10% and 33%

Dry dock costs comprising non-enhancement costs for vessels associated with their periodic dry docking are written off in the year in which the dry dock takes place. Enhancement costs are capitalised and depreciated over the useful life of the enhancement.

### *h. Financial instruments*

The Group has elected to apply the recognition and measurement provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *(i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

#### *(ii) Derivative financial instruments*

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their 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.

#### *(iii) Fair value measurement*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### *i. Stocks*

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes the direct costs of bringing the stock to its current condition and location, including procurement, direct labour costs and attributable overheads where appropriate. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete and slow moving stock where appropriate.

#### *j. Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is calculated by consideration of the future cash flows related to the assets.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

##### *Financial assets*

The Group's financial services business recognises loan impairment provisions in respect of impairment losses incurred in its portfolio of loans classified as loans and receivables and carried at amortised cost. A loan is impaired when there is objective evidence that events since the loan was granted have affected the expected cash flows from the loan. The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate.

For other financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the recoverable amount. Debts are written off when there is no realistic prospect of recovery. Specific provisions are made to reduce all impaired balances to their expected realisable values. A further provision is made for losses not specifically identified, based on past experience, knowledge of the Group's exposure and other relevant factors. The charge for the year for bad debts is included in operating costs.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### *k. Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

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 Group'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.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise

# **Bibby Line Group Limited**

## **Notes to the Financial Statements**

For the year ended 31 December 2020

### **1. Accounting policies (continued)**

#### ***k. Taxation (continued)***

the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### ***l. Turnover***

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the customer. Turnover is recognised in Garic when the service or item being sold is delivered to the customer or collected by the customer. Marine recognise income on accommodation vessels on a straight-line basis over the period the services are performed. For the hydrographic survey business within Marine, turnover is recognised by reference to stage of completion.

Contract distribution recognises income in the same period in which the related goods and services are delivered for their customers.

Turnover within Financial Services 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.

#### ***m. 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.

#### ***n. Finance costs***

Finance costs, including direct issue costs, are recognised in the profit and loss account over the term of such borrowings.

#### ***o. Finance income***

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.



# **Bibby Line Group Limited**

## **Notes to the Financial Statements**

For the year ended 31 December 2020

### **1. Accounting policies (continued)**

#### ***p. Pension costs***

The Group's principal pension funds are a defined benefit plan and defined contribution plans. Contributions payable by the Group in respect of defined contribution plans are charged to operating profit as incurred.

The BLG Pension Scheme is a defined benefit plan which is closed to new entrants and future accrual. Consequently, there is no current service charge and only scheme administration expenses are accounted for within operating profit. The net interest cost on the net defined benefit liability is included in the profit and loss account within net finance costs. Remeasurement gains and losses comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income. The difference between the market value of the scheme's assets and the present value of the scheme's liabilities is disclosed as a liability on the Group balance sheet.

The Group also contributes to the Merchant Navy Officers' Pension Fund (MNOFF) which is a multi-employer defined benefit scheme. The Group is unable to identify its share of the underlying assets and liabilities of the MNOFF but has agreed a schedule of contributions to the overall scheme deficit. These have been recognised in the pension liability on the balance sheet. This provision will unwind as contributions are paid and will increase if a revised, increased, schedule of contributions is agreed with the MNOFF.

#### ***q. Foreign currency***

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of subsidiary undertakings who prepare their financial statements in foreign currencies are translated at the average rates of exchange during the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used, and their balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets, transactions entered into to hedge certain foreign currency risks, results of overseas operations, and on foreign currency borrowings to the extent that they hedge the Group's investment in such operations, are reported in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). All other exchange differences are included in the profit and loss account.

#### ***r. Exceptional items***

Exceptional items are material items of income and expense that, because of the unusual nature or frequency of the events giving rise to them, merit separate presentation to allow an understanding of the Company's underlying financial performance. Such items include impairment of assets, major reorganisations of business and costs associated with significant acquisitions or disposals.

#### ***s. Deferred consideration***

Where the terms of an acquisition give rise to consideration payable on a future date and contingent on the uncertain future performance of the entity acquired, the financial statements contain the directors' best estimate of the fair value of the future liability to the extent that it can be measured reliably. The liability will be revised as further and more certain information becomes available and any changes made against goodwill.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### **t. Cash**

For the purposes of the cash flow statement, cash comprises cash in hand and on deposit less overdrafts which are repayable on demand.

#### **u. Dividends**

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company.

#### **v. Leases**

##### *The Group as lessee*

Assets held under finance leases and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

##### *The Group as lessor*

Assets leased to customers which transfer substantially all the risks and rewards of ownership to the customer are classified as finance leases and are recorded within debtors. The net investment in finance leases represents total minimum payments less gross earnings allocated to future periods.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

#### **w. Liabilities**

Financial liabilities are classified according to the substance of the contractual arrangement entered into. The company's preference shares are included in the balance sheet as a liability and accordingly the dividends payable on them are included within interest payable and similar charges.

#### **x. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

# **Bibby Line Group Limited**

## **Notes to the Financial Statements**

For the year ended 31 December 2020

### **1. Accounting policies (continued)**

#### ***x. Provisions (continued)***

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### ***y. Share based payments***

Certain employees within a subsidiary that was disposed of in the period received shares with no vesting requirements and accordingly they vested immediately. The charge recognised in the year equated to the fair value of the shares received. Fair value is measured by use of market data which is considered by management to be the most appropriate method of valuation.

# **Bibby Line Group Limited**

## **Notes to the Financial Statements**

For the year ended 31 December 2020

### **2. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The judgements, estimates and associated 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 relevant. 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 ongoing 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 preparing these financial statements, are discussed below. These include the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **Viability of Subsidiaries (*judgement*)**

In the course of preparing its financial statements, the Group considers whether events or conditions exist that may cast significant doubt upon the ongoing viability of the trading subsidiaries. This judgement is made as it is these trading businesses that will allow the group to achieve its long term objectives and forms the fundamental basis for the other key accounting estimates and judgements noted below. Management has assessed whether such conditions exist at a business subsidiary level and in particular within the Financial Services business as a key driver of the net asset value of the group. After detailed consideration of the business operating plans, including the associated execution risks offset by the mitigating actions available to the businesses and Group, it has been concluded that the judgement of ongoing viability of subsidiaries remains appropriate.

At a Company only level, an annual investment impairment review is undertaken to determine whether there are indications of impairment to the carrying value of either the company only investments in subsidiaries or the inter-company loans.

#### **Impairment of non-current assets (*estimate*)**

The Group conducts annual impairment reviews and where appropriate, creates or adjusts impairment provisions. The impairment reviews have compared the net book value of the relevant assets to their value in use (calculated as their future expected cash flows over their remaining useful economic lives) or their current market values. The carrying value of the Group's tangible fixed assets at 31 December 2020 is £120.6m (2019: £140.6m) and the carrying value of the Group's intangible assets at 31 December 2020 is £11.3m (2019: £43.7m). The reduction in non-current assets is highlighted in Note 7 to the accounts.

#### **Tangible fixed assets - Marine (*estimate*)**

The carrying value of the Group's vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tends to fluctuate with changes in market conditions which tend to be cyclical. The Group evaluates the carrying amounts and periods over which long-lived assets are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 2. Critical accounting judgements and key sources of estimation uncertainty (cont.)

#### Tangible fixed assets - Marine (*estimate*) (cont.)

These assessments are made at an individual vessel level since separately identifiable cash flow information for each vessel is available. These assumptions are based on historical trends as well as future expectations. The key assumptions relate to future earnings and the discount rate applied to the future cash flows. Rates currently in effect for the duration of existing contracts are used. For future periods not covered by an existing contract management estimate charter rates using a number of indicators, including management's view of the cyclical nature of shipping markets. The carrying value of the property, plant and equipment within the Marine business at 31 December 2020 is £73.5m (2019: £80.6m).

#### Depreciation of tangible fixed assets – Garic (*judgement and estimate*)

The useful economic life of assets is reviewed by management on an annual basis. In respect of Garic, it is reviewed with reference to external market conditions, the profit or loss in the year against net book value on asset disposals, the latest valuation, technological developments, and comparator policies. Management judgement and estimation is applied to determine the useful life and expected residual value.

Changes in the useful economic life of assets are accounted for by amending the prospective useful economic life and the annual depreciation charge over the remaining useful life of the asset.

#### Assessment of the impairment of Bibby Financial Services' financial assets (*judgement and estimate*)

In considering indications of impairment of financial assets the Bibby Financial Services ("BFS") 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 BFS' activities and its application of FRS 102 Section 34, further detail about the credit quality of its financial assets is contained within note 21 Financial instruments and risk management.

In setting the level of impairment provisions, BFS 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 BFS. 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). BFS assesses debtors in collect out on a case-by-case basis, in terms of the expected amount that will be recovered, and the timeframe to recover the monies, which require to be discounted to reflect the time value of money. There has been no change in the methodology used to assess expected recoveries in the period.

At the balance sheet date, non-performing trade debtors and finance lease receivables totalled £56.9m (2019: £50.5m), against which impairment provisions totalled £27.6m (2019: £26.6m). See note 21 for further details. A 10% change in the expected level of collection from debtors in collect out at year end would result in an increase / decrease of £2.7m (2019: £1.7m) in the level of required provision. If the

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 2. Critical accounting judgements and key sources of estimation uncertainty (cont.)

#### **Assessment of the impairment of Bibby Financial Services' financial assets (*judgement and estimate*) (cont.)**

collect out process takes on average 6 months less or longer than the Group's assumption there would be a circa £0.4m (2019: £0.1m) decrease / increase in the level of provision required.

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

BFS Software and development costs reflect investment in technological systems and advancements, the economic benefits of which the BFS Directors believe will be realised over their useful economic life. Amounts capitalised in internally generated intangible assets comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by BFS 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 BFS balance sheet date, internal staff costs of circa £5.5m (2019: £21.0m) were capitalised within intangible assets. The BFS 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 BFS' ongoing investment programme to respond to the evolving nature of the technology required to serve the business's future needs.

During the year BFS impaired its intangible assets by £20.3m following a review of its technology investment strategy, under which a significantly lower level of internal staff capitalisation is anticipated going forward. In addition, BFS also impaired £1.0m in relation to software assets following the wind down of Coverly Limited. A reduction in average useful lives of intangible assets of one year would result in an additional amortisation charge of circa £1.8m (2019: £3.0m).

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

The net investment in BFS' 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. BFS currently capitalises a significant element of staff costs within its Leasing business as they believe these represent costs that are incremental and directly attributable to the negotiating and arranging of leases. At the balance sheet date, the other debtors balance includes internal costs of £2.8m (2019: £3.1m) which are deferred for amortisation over the term of the leases, which typically extend up to five years. During the year £1.4m (2019: £1.2m) of costs were capitalised. If BFS had reduced the amount of internal staff costs capitalised by 10% this would decrease the cumulative asset recognised by £0.3m (2019: £0.3m).

#### **Pensions (*estimate*)**

The financial statements include an estimate of the net liability in respect of the BLG Pension Scheme defined benefit obligation. This has been calculated in accordance with the requirements of FRS 102 by a qualified actuary using the projected unit method. The assumptions used in this calculation were selected by the directors based on actuarial advice as the current best estimate of the components of the 2.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 2. Critical accounting judgements and key sources of estimation uncertainty (cont.)

#### Pensions (*estimate*) (cont.)

calculation, however, the net liability recognised is sensitive to these assumptions and note 27 includes the impact of changes in these assumptions.

#### Discontinued Operations (*judgement and estimate*)

Under FRS 102 in order for a business to be disclosed as discontinued, the business must have been disposed of by the balance sheet date. Entities that have ceased to trade but have yet to be liquidated/wound up or are immaterial to the Group results are not included in discontinued operations. In these accounts the HydroMap business, BFS North America and the Bibby Distribution business are all included within discontinued operations. Discontinued operations are reflected within a separate column on the face of the Group Profit & Loss Account.

The profit on disposal of discontinued operations is included within note 6. A dividend of £1.4m is expected to be recovered from the Administrators of HydroMap of which £1m was received in February 2021.

### 3. Analysis by class of business and geographical market

	UK	2020 Rest of world	Total	UK	2019 Rest of world	Total
	£000	£000	£000	£000	£000	£000
<b>Turnover</b>						
Financial Services	92,187	43,342	135,529	111,900	46,834	158,734
Retail	482,729	91	482,820	426,420	66	426,486
Garic	34,639	-	34,639	33,995	-	33,995
Marine	-	23,967	23,967	-	14,708	14,708
<b>Continuing operations</b>	609,556	67,400	676,955	572,315	61,608	633,923
<b>Discontinued operations</b>						
Contract Distribution	145,764	5,161	150,925	165,563	4,611	170,175
Marine - Hydromap	1,624	-	1,624	5,626	6,840	12,466
Financial Services – North America	-	3,023	3,023	-	18,850	18,850
<b>Total</b>	<b>756,944</b>	<b>75,583</b>	<b>832,527</b>	<b>743,504</b>	<b>91,909</b>	<b>835,413</b>

### 4. Other operating income

	2020 £000	2019 £000
Amounts received under the CJRS	3,070	-
Other	386	790
	<b>3,456</b>	<b>790</b>

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 5. Finance costs (net)

	2020 £000	2019 £000
<b>Interest receivable and similar income</b>		
Other interest receivable	339	10
	<u>339</u>	<u>10</u>
<b>Interest payable and similar expenses</b>		
On bank loans, overdrafts and other secured loans	(1,909)	(2,001)
HP and finance leases	(1,653)	(1,156)
On other debt financing	(477)	(455)
Exchange difference on foreign borrowings	-	(20)
Net interest cost on defined benefit pension liability	(51)	(71)
On £100 preference shares at 9.75% of nominal value	(15)	(15)
	<u>(4,105)</u>	<u>(3,718)</u>
<b>Finance cost (net)</b>	<u>(3,766)</u>	<u>(3,708)</u>

In addition, interest payable by the BFS business is included in the Group Profit and Loss Account within cost of sales. The amount charged in the year was:

On bank loans and overdrafts	<u>25,016</u>	<u>31,799</u>
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### 6. Profit on disposal

	2020 £000	2019 £000
<b>Profit/(loss) on disposal of fixed assets</b>		
Profit on disposal of tangible fixed assets	(157)	1,986
	<u>(157)</u>	<u>1,986</u>
The net tax effect of the above transaction is a tax credit of	(30)	377
	<u>(30)</u>	<u>377</u>
<b>Profit on disposal of subsidiaries</b>	<u>15,760</u>	<u>900</u>
The net tax effect of the above transaction is a tax charge of	-	-
	<u>-</u>	<u>-</u>

The profit on disposal of subsidiaries comprised the following:

#### a) Disposal of Contract Distribution operations

On 11 December 2020, Bibby Line Group completed the sale of the subsidiary group, realising a profit on disposal of £17.1m including transaction costs. Key management personnel within the Contract Distribution business received share based payments totalling £0.7m as part of completion of the transaction.



# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

**b) Disposal of BFS North American operations**

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

**c) HydroMap Administration**

A consolidated gain of £0.1m relates to the Hydrographic survey division arising from the appointment of Administrators to Bibby Hydromap Limited on 3 April 2020. The gain reflects the write off of the remaining balance sheet items net of previous impairments at 31 December 2019 and recognition of anticipated distributions from the Administrator.

### 7. Exceptional items

	Continuing Operations	Discontinued Operations	Total 2020	Continuing Operations	Discontinued Operations	Total 2019
	£000	£000	£000	£000	£000	£000
Exceptional items	(32,059)	-	(32,059)	-	(4,188)	(4,188)

Current year exceptional items comprise the following:

*Continuing operations* of £32.1m largely relates to BFS (£31.4m), with the balance largely head office restructuring costs. Exceptional items is split as follows:

**a) Fixed asset write down: £20.9m**

During the year, following a review of its technology investment strategy, BFS wrote down £20.9m of fixed assets via a combination of reducing the useful economic life of assets and writing off other assets to £nil. This was made up of £20.3m intangible fixed assets and £0.6m of tangible fixed assets. There was limited cash impact of this write down.

**b) Restructuring: £7.5m**

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

**c) Coverly: £3m**

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

Prior year exceptional items also relates to the administration of Bibby HydroMap Limited following the appointment of Administrators to Bibby Hydromap Limited on 3 April 2020, which was deemed an adjusting post balance sheet event. The impairment reflected the write down of vessel carrying values and impairment of survey kit based on sale proceeds achieved by the Administrators.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 8. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting) the following amount:

	2020 £000	2019 £000
Depreciation – owned tangible fixed assets (see note 14)	15,224	16,599
Depreciation – leased tangible fixed assets (see note 14)	3,201	1,648
Amortisation of intangible fixed assets (see note 13)	13,948	11,051
Foreign exchange losses	(331)	716
Impairment losses on tangible fixed assets (see note 12)	-	4,188
(Profit) / loss on disposal of tangible fixed assets	157	(1,986)
Charitable donations	84	131
Operating lease costs:		
Plant and machinery	9,766	10,179
Other	8,987	10,663
	<hr/>	<hr/>
Fees payable to the Group's auditors for:		
- the audit of the company's current year accounts	130	180
- the audit of the company's subsidiaries current year accounts	893	910
- the audit of the company's subsidiaries prior year accounts	-	66
	<hr/>	<hr/>
<b>Total audit fees</b>	<b>1,023</b>	<b>1,156</b>
	<hr/>	<hr/>
Auditor's remuneration for non-audit services:		
Tax compliance services	-	135
Other assurance services	-	11
	<hr/>	<hr/>
<b>Total non-audit fees</b>	<b>-</b>	<b>146</b>
	<hr/>	<hr/>

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 9. Staff numbers and costs

The average monthly number of employees (including executive directors) employed by the Group throughout the period was:

	2020 Number	2019 Number
Marine	84	163
Contract distribution	1,424	1,567
Financial Services	1,119	1,329
Retail	579	563
Garic	269	266
Head Office	31	36
	<u>3,506</u>	<u>3,924</u>

Their aggregate remuneration comprised:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Wages and salaries	132,435	151,252	3,258	3,817
Social security costs	15,652	18,255	439	474
Other pension costs	4,684	4,557	365	141
	<u>152,771</u>	<u>174,064</u>	<u>4,062</u>	<u>4,432</u>

‘Other pension costs’ includes defined benefit scheme costs included within operating costs and the defined contribution scheme charge.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 10. Directors' remuneration

	Salary/Fees/ BIK/Pension £000	Severance £000	2020 £000	2019 £000
Paul Drechsler	68	-	68	150
David Anderson	52	-	52	55
Geoffrey Bibby	46	-	46	46
Sir Michael Bibby Bt.DL	85	-	85	45
Caroline Hoare	43	-	43	55
John Cresswell	961	287	1,248	515
Jonathan Lewis	626	-	626	158
Mark Lyons	-	-	-	651
	<hr/>	<hr/>	<hr/>	<hr/>
	1,881	287	2,168	1,675
	<hr/>	<hr/>	<hr/>	<hr/>

The amounts detailed above include bonus payments to John Cresswell and Jonathan Lewis relating to 2020 that were approved by the Remuneration Committee and subsequently paid.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 11. Tax on loss on ordinary activities

	2020 £000	2019 £000
<b>Tax on loss on ordinary activities</b>		
Current year UK corporation tax charge/(credit)	(27)	1
Prior year UK corporation tax charge/(credit)	(20)	184
Current year foreign tax charge	1,913	2,739
Prior year foreign tax charge	-	48
	<hr/>	<hr/>
Current tax charge for the year	1,866	2,972
	<hr/>	<hr/>
Deferred tax charge on pension scheme costs	834	550
Adjustments in respect of prior years	2,882	(3,532)
Effect of change in tax rate on opening liability	(1,704)	402
Origination and reversal of timing differences	(4,537)	(4,760)
	<hr/>	<hr/>
Deferred tax credit for the year (see note 18)	(2,525)	(7,340)
	<hr/>	<hr/>
Total tax (credit)/charge for the year	(659)	(4,368)
	<hr/>	<hr/>

Factors affecting the tax (credit)/charge for the year:

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the (loss)/profit before tax are as follows:

#### Tax reconciliation

Loss on ordinary activities before taxation	(26,592)	(29,704)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the weighted average rate of UK corporation tax of 19.00% (2019 - 19.00%)	(5,052)	(5,644)
Effect of:		
Non-taxable income	(5,833)	(171)
Expenses not deductible for tax purposes including amortisation of goodwill	524	1,649
Other timing differences	8,392	1,035
Adjustment in respect of prior year	2,862	(3,232)
Difference in tonnage tax rate to weighted average tax rate	2	1
Different rate of overseas tax	271	888
Change in deferred tax rate	(1,825)	1,106
	<hr/>	<hr/>
Total tax (credit)/charge for the year	(659)	(4,368)
	<hr/>	<hr/>

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 12. Investments

#### Group

	<b>2020 £000</b>
At 1 January 2020 and at 31 December 2020	149

#### Company

	<b>Total £000</b>
At 1 January 2020	75,600
Disposals ( <i>Contract Distribution business</i> – see note 6)	(8,000)
<b>At 31 December 2020</b>	<b>67,600</b>

See note 32 for details of subsidiary undertakings. The disposal relates the sale of the Contract Distribution business on 11 December 2021.

The following subsidiaries have taken advantage of an exemption from audit under section 479A of the Companies Act 2006.

As the ultimate parent, Bibby Line Group Limited, has provided a statutory guarantee for any outstanding liabilities of Bibby Line Limited (registered number 06458336) and its subsidiaries below.

- Bibby Bulk Carriers limited (registered number 01036027)
- Bibby Navigation Limited (registered number 01195556)
- Bibby Pool Partner Limited (registered number 02481605)
- Bibby Transport Limited (registered number 01277618)

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 13. Intangible fixed assets

#### Group

	Goodwill £000	Intangible assets £000	Total £000
<b>Cost</b>			
At 1 January 2020	140,012	68,200	208,212
Additions	-	1,529	1,529
Write down of assets	-	(27,345)	(27,345)
Disposals in relation to discontinued operations	(29,522)	(4,861)	(34,383)
Exchange differences	-	104	104
At 31 December 2020	110,490	37,627	148,117
<b>Amortisation</b>			
At 1 January 2020	139,249	25,259	164,508
Charge for the year	626	13,322	13,948
Amortisation eliminated on write down of assets	-	(10,578)	(10,578)
Amortisation eliminated on disposals in relation to discontinued operations	(29,385)	(1,683)	(31,068)
Exchange differences	-	45	45
At 31 December 2020	110,490	26,365	136,855
<b>Net book value</b>			
At 31 December 2020	-	11,262	11,262
At 31 December 2019	763	42,941	43,704

The intangible total includes £7.4m (2019: £8.0m) of leased assets (software) with secured funding within the Financial Services division.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 14. Tangible fixed assets

Group	Vehicles and equipment		Land and buildings			Total £000
	Fleet £000	Other £000	Freehold £000	Short Leasehold £000	Long Leasehold £000	
<b>Cost or valuation</b>						
At 1 January 2020	145,917	116,341	1,765	5,814	850	270,687
Transfers	-	(7,749)	-	7,749	-	-
Additions	875	10,586	-	465	3	11,929
Disposals	(13,959)	(9,097)	-	(4,687)	(111)	(27,854)
Disposals in relation to discontinued operations	-	(20,163)	-	-	-	(20,163)
Exchange differences	4,522	87	-	56	-	4,665
At 31 December 2020	<u>137,355</u>	<u>90,005</u>	<u>1,765</u>	<u>9,397</u>	<u>742</u>	<u>239,264</u>
<b>Depreciation</b>						
At 1 January 2020	65,842	59,151	712	3,837	510	130,052
Charge for the year	5,634	11,678	33	1,047	34	18,426
Transfers	-	(2,231)	-	2,231	-	-
Eliminated on disposal	(7,936)	(8,565)	-	(3,279)	(71)	(19,851)
Eliminated on disposal in relation to discontinued operations	-	(10,427)	-	-	-	(10,427)
Exchange differences	331	80	-	42	-	453
At 31 December 2020	<u>63,871</u>	<u>49,686</u>	<u>745</u>	<u>3,878</u>	<u>473</u>	<u>118,653</u>
<b>Net book value</b>						
At 31 December 2020	<u>73,484</u>	<u>40,319</u>	<u>1,020</u>	<u>5,519</u>	<u>269</u>	<u>120,611</u>
At 31 December 2019	<u>80,075</u>	<u>57,190</u>	<u>1,053</u>	<u>1,977</u>	<u>340</u>	<u>140,634</u>



# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 14. Tangible fixed assets (continued)

Company	Vehicles and equipment £000	Total £000
<b>Cost or valuation</b>		
At 1 January 2020	46	46
Additions	222	222
Disposals	-	-
Transfers	(7)	(7)
	<hr/>	<hr/>
At 31 December 2020	261	261
	<hr/>	<hr/>
<b>Depreciation</b>		
At 1 January 2020	12	12
Charge for the year	41	41
Disposals	-	-
Transfers	(7)	(7)
	<hr/>	<hr/>
At 31 December 2020	46	46
	<hr/>	<hr/>
<b>Net book value</b>		
At 31 December 2020	215	215
	<hr/>	<hr/>
At 31 December 2019	34	34
	<hr/>	<hr/>

### 15. Stocks

	2020 £000	2019 £000
Raw materials	1,077	901
Work in progress	123	717
Retails goods	1,572	1,360
Consumables	199	752
	<hr/>	<hr/>
	2,971	3,730
	<hr/>	<hr/>

There is no material difference between the balance sheet value of stock and its replacement value.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 16. Debtors

#### Group

	2020 £000	2019 £000
Trade debtors – financial services	745,883	990,285
Trade debtors – other businesses	40,281	64,498
Derivative financial instruments held at fair value	1,230	1,772
Taxation and social security	117	99
Deferred taxation asset – other timing differences (see note 20)	20,071	18,820
Net investment in finance leases	50,533	63,467
Other debtors	23,763	18,990
Corporation tax	3	1,930
Prepayments and accrued income	16,120	27,839
	<hr/>	<hr/>
	898,001	1,187,700
	<hr/>	<hr/>

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

#### Company

	2020 £000	2019 £000
Amounts owed by subsidiary undertakings	47,416	40,802
Deferred taxation asset (see note 20)	1,284	1,133
Corporation tax	3	4
Prepayments and accrued income	1,516	1,174
	<hr/>	<hr/>
	50,219	43,113
	<hr/>	<hr/>

The amounts owed by subsidiary undertakings relate to loans provided to support the relevant businesses. The loans mainly bear interest at a rate of 8%.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 17. Creditors – amounts falling due within one year

#### Group

	2020 £000	2019 £000
Bank loans (see note 19)	204,416	126,732
Bank overdrafts	11,987	3,303
Hire purchase and finance leases (see note 19)	7,099	7,329
Trade creditors – financial services	210,566	169,187
Trade creditors – other	42,572	52,311
Taxation and social security	13,229	12,103
Other creditors	2,099	2,911
Corporation tax creditor	870	2,808
Accruals and deferred income	32,395	43,160
Derivative financial instruments	942	1,133
	<u>526,175</u>	<u>420,977</u>

#### Company

	2020 £000	2019 £000
Amounts owed to subsidiary undertakings	42,527	40,661
Taxation and social security	3,489	708
Accruals and deferred income	5,263	4,009
	<u>51,279</u>	<u>45,378</u>

Amounts owed to subsidiary undertakings relate to working capital funding provided by subsidiary undertakings together with consideration for tax losses. The majority of the loans are non-interest bearing with no scheduled date for repayment.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 18. Creditors – amounts falling due after more than one year

#### Group

	2020 £000	2019 £000
Bank loans (see note 19)	417,115	799,111
Hire purchase and finance leases (see note 19)	46,586	54,103
9.75% Preference shares of £100 each (see note 22)	154	154
	<hr/>	<hr/>
	463,855	853,368
	<hr/>	<hr/>

#### Company

	2020 £000	2019 £000
9.75% Preference shares of £100 each	154	154
	<hr/>	<hr/>
	154	154
	<hr/>	<hr/>

### 19. Debt instruments

	2020 £000	2019 £000
<b>Bank loans are repayable:</b>		
Within one year	204,416	126,732
Between one and two years	14,879	188,172
Between two and five years	393,078	598,606
After five years	9,158	12,333
	<hr/>	<hr/>
	621,531	925,843
	<hr/>	<hr/>
<b>Hire purchase and finance leases are repayable:</b>		
Within one year	7,099	7,329
Between one and two years	8,741	7,405
Between two and five years	28,427	31,938
After five years	9,418	14,761
	<hr/>	<hr/>
	53,685	61,433
	<hr/>	<hr/>

The rates of interest payable on bank loans, vary with either US, Euro or UK short term LIBOR or UK base rates. Bank loans are secured by way of fixed and floating charges over the assets of the relevant entities.

Obligations under hire purchase and finance leases are secured on the assets they finance.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 20. Provisions for liabilities

#### Group

	Other £000	Deferred Taxation £000	Total £000
At 1 January 2020	3,328	-	3,328
Profit and loss account	70	(2,525)	(2,455)
Utilised	(192)	-	(192)
Reclassification to debtors	-	1,241	1,241
Disposal of subsidiary	(1,004)	1,605	601
Statement of comprehensive income	-	(321)	(321)
At 31 December 2020	2,202	-	2,202

£1.0m of the total 'other' provision held at Group relates to property related provisions, notably properties that were vacated and are surplus to the Group's requirements. This significantly reduced in the period following the disposal of the Distribution business.

£0.3m of the year-end balance relates to two legal claims within Bibby Line Limited, both of which have now been settled.

A further £0.7m relates to three items in BLG Company only disclosed below

#### Company

	Other £000	Deferred Taxation £000	Total £000
At 1 January 2020	649	(1,133)	(484)
Profit and loss account	112	170	282
Utilised	(60)	-	(60)
Statement of comprehensive income	-	(321)	(321)
At 31 December 2020	701	(1,284)	(583)

£0.1m of the total 'other' relates to onerous lease and dilapidations provisions. A further £0.4m relates to a warranty claim that is expected to be settled in 2021. The balance of £0.2m relates to the Merchant Navy Ratings Pension Fund (as described in note 27), which is expected to reverse fully by the end of 2023.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

Deferred taxation is provided at the rates substantively enacted at the year-end being 19% (2019: 17%) These deferred tax assets are as follows:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Fixed asset timing differences	(12,281)	(8,063)	(43)	(31)
Pensions	(490)	(991)	(490)	(985)
Other timing differences	(2,479)	(1,399)	(751)	(117)
Trading Losses	(4,822)	(8,366)	-	-
<b>Total</b>	<b>(20,071)</b>	<b>(18,820)</b>	<b>(1,284)</b>	<b>(1,133)</b>

### Unrecognised deferred tax asset:

	Group		Company	
	2020 £000	2019 £000	2020 £000	2019 £000
Fixed asset timing differences	(902)	(628)	-	-
Trading Losses	(7,220)	(4,509)	(178)	(190)
Capital losses	(1,703)	(1,552)	(56)	-
<b>Total</b>	<b>(9,825)</b>	<b>(6,689)</b>	<b>(234)</b>	<b>(190)</b>

### Factors that may affect future tax charges:

Finance Act 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% would not occur and the Corporation Tax Rate would be held at 19%. It was further announced in the March 2021 Budget that the main corporation tax rate will increase to 25% from the 1 April 2023. At the balance sheet date this has not been enacted and therefore has not been reflected through the deferred tax calculations. The impact of this change would be to increase the Group deferred tax asset by c. £6.3m and the Company only deferred tax asset by £0.4m.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 21. Financial instruments and risk management

The following disclosures relate solely to Bibby Financial Services Limited and its direct subsidiaries.

#### Credit risk

The objective of credit risk management is to enable Bibby Financial Services 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 Bibby Financial Services. The key principles of Bibby Financial Services' Credit Risk Management Framework are set out below:

- Approval of all credit exposure is granted prior to any advance or extension of credit.
- An appropriate credit risk assessment of the customer and credit facilities is undertaken prior to approval of credit exposure. This includes a review of, amongst other things, the purpose of credit and sources of repayment, valuation of assets purchased, compliance with affordability tests, repayment history, capacity to repay, sensitivity to economic and market developments and risk-adjusted return.
- Credit risk authority is delegated by the board of Bibby Financial Services and specifically granted in writing to all businesses and roles involved in the granting of credit approval. In exercising credit authority, the individuals act independently of any related business revenue origination.
- All credit exposures, once approved, are effectively monitored and managed and reviewed periodically against approved limits. Lower quality exposures are subject to a greater frequency of analysis and assessment.

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

#### Trade and other receivables

	2020 £000	2019 £000
Performing	767,036	1,029,808
Impaired	56,942	50,541
Impairment provision	(27,562)	(26,597)
	<hr/>	<hr/>
	796,416	1,053,752
	<hr/>	<hr/>

The following table shows the movement in the provision for impairment of trade and other receivables.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 21. Financial instruments and risk management (continued)

	2020 £000	2019 £000
At 1 January	26,597	27,739
Charged to the Profit and Loss Account	10,654	15,875
Amounts written off	(8,947)	(16,001)
Recoveries	(833)	(1,062)
Exchange differences	91	46
	<hr/>	<hr/>
At 31 December	27,562	26,597
	<hr/>	<hr/>

For invoice financing Bibby Financial Services lends to clients against approved invoices that are legally assigned to Bibby Financial Services and therefore act as security for lending. For leasing, Bibby Financial Services holds security over the assets financed by the lease.

#### Currency risk

Bibby Financial Services undertakes certain transactions denominated in foreign currencies; hence exchange rate fluctuations arise. Bibby Financial Services' policy is normally to match foreign currency receivables with borrowings in the same currency. Where necessary exchange rate transaction risk is addressed by taking out forward cover in the form of a currency derivative contract.

#### Liquidity risk

The risk is the risk that Bibby Financial Services is unable to meet its obligations as they fall due.

The table below analyses financial instrument liabilities of Bibby Financial Services, into relevant maturity groupings based on the remaining period at the balance sheet date.

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

#### Exchange rate risk

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



# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 22. Called-up share capital

	2020 £000	2019 £000
<b>Allotted and full paid:</b>		
1,536 (2019: 1,536) 9.75% Preference Shares of £100 each	154	154
100 Ordinary A Shares of £1 each	-	-
18,005 (2019: 18,005) Ordinary Shares of £1,000 each (equity share capital)	18,005	18,005

The rights attaching to the Ordinary A Shares are as follows:

- The right to dividend as outlined in the company's Articles of Association.
- The right to participate in a distribution arising from a winding-up of the company subject to the detailed rules outlined in the company's Articles of Association.

The rights attaching to the Preference Shares are as follows:

- The right to a fixed cumulative preferential dividend at the rate of 9.75% net per annum on the capital for the time being paid up thereon payable half-yearly on 30 June and 31 December in each year.
- On a return of capital on liquidation or otherwise the right to have payment of capital and arrears and accruals of dividend whether earned or declared or not to be calculated down to the date of return of capital in priority to the Ordinary Shares, but shall not confer any further right to participate in profits or assets.
- The right to receive notice of but not to attend and vote at any General Meeting by virtue of their holding unless the fixed cumulative preferential dividend on the Preference Shares is thirty days or more in arrears or if the business of the Meeting includes the consideration of a Resolution for altering the objects of the company or for reducing the capital of the company or for winding-up the company or any Resolution varying or abrogating any of the rights or privileges attached to the Preference Shares.

Other reserves relate to a Capital Redemption Reserve.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 23. Dividends paid

	2020 £000	2019 £000
Equity dividends paid per Ordinary Share:		
Interim £nil (2019: £61.15)	-	1,101
Final £nil (2019: £nil)	-	-
	<hr/>	<hr/>
	-	1,101
	<hr/>	<hr/>
Equity dividends paid per Ordinary A share:		
Interim £nil (2019: £207.64)	-	21
Final £nil (2019: £nil)	-	-
	<hr/>	<hr/>
Total dividends paid	-	21
	<hr/>	<hr/>
	-	1,122
	<hr/> <hr/>	<hr/> <hr/>

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 24. Reconciliation of operating (loss)/profit to net cash flow from operating activities

	2020 £000	2019 £000
Group operating loss	(38,429)	(28,882)
Less operating loss/(profit) of the financial services business	40,685	11,310
<b>Operating loss of the non-financial services businesses</b>	<b>2,256</b>	<b>(17,572)</b>
Depreciation	15,691	15,813
Impairment of fixed assets	-	-
Amortisation of intangible assets	655	1,141
UK taxation paid	7	68
Overseas tax paid	(40)	(234)
Profit on disposal of fixed assets	(345)	(504)
Impairment reversal	(2,106)	-
Exceptional items	-	4,188
Exchange differences	(1,394)	(226)
<b>Operating cash flow before movement in working capital</b>	<b>14,723</b>	<b>2,674</b>
Movement in provisions	(890)	(1,971)
Movement in stock	130	546
Movement in debtors	(2,802)	4,117
Movement in creditors	16,349	(5,996)
Excess of pension scheme contributions paid over service cost	(2,524)	(1,810)
<b>Cash (outflow)/inflow from non-financial services operating activities</b>	<b>24,987</b>	<b>(2,440)</b>
Operating (loss)/profit of the financial services business	(40,685)	(11,310)
Depreciation	2,735	2,434
Amortisation of intangible assets	13,293	9,911
UK taxation paid	-	-
Overseas taxation paid	(2,210)	(1,747)
Loss on disposal/write down of fixed assets	20,537	255
<b>Operating cash flow before movement in working capital</b>	<b>(6,330)</b>	<b>(457)</b>
Movement in debtors	177,957	26,162
Movement in creditors	66,607	27,470
<b>Cash inflow/(outflow) from financial services operating activities</b>	<b>238,234</b>	<b>53,175</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>263,221</b>	<b>50,735</b>

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 25. Reconciliation of net debt

	2020 £000	2019 £000
Movement in cash and cash equivalents in the year	20,156	6,154
Movement in loans and lease finance in the year	274,410	(2,870)
Change in net debt from cash flows	294,566	3,284
Exchange movements	(9,332)	15,957
Other non-cash movements	(324)	(146)
Finance lease non-cash additions/non cash early redemption	(1,724)	(373)
Net debt transferred	48,713	-
Movement in net debt in the year	331,899	18,722
Net debt at 1 January	(915,498)	(934,220)
Net debt at 31 December	(583,599)	(915,498)

### 26. Analysis of net debt

	1 January 2020 £000	Cash flow £000	Non-cash movement £000	Exchange movements £000	31 December 2020 £000
Cash at bank and in hand	75,081	28,878	(2,825)	2,470	103,604
Bank overdrafts	(3,303)	(8,722)	-	38	(11,987)
	71,778	20,156	(2,825)	2,508	91,617
Debt due after 1 year	(853,215)	376,895	18,468	(5,849)	(463,701)
Debt due within 1 year	(134,061)	(102,484)	31,022	(5,992)	(211,515)
	(987,276)	274,410	49,490	(11,841)	(675,216)
	(915,498)	294,566	46,665	(9,332)	(583,599)

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 27. Pension costs

#### Pension Liability

	2020 £000	2019 £000
Bibby Line Group Pension Scheme	(2,242)	(4,767)
Merchant Navy Officers' Pension Fund	(339)	(1,088)
	<u>(2,581)</u>	<u>(5,855)</u>

The Group administered several defined contribution pension schemes during the financial year. The assets of the schemes are held separately from those of the Group in funds under the control of independent insurance companies. The contributions made by the Group to these schemes over the financial year amounted to £4,453,000 (2019 – £4,558,000). There were no outstanding contributions at the balance sheet date to any pension arrangement.

The Group also contributes to the Merchant Navy Officers' Pension Fund (MNOFF) which is a multi-employer defined benefit scheme. The Group is unable to identify its share of the underlying assets and liabilities of the MNOFF but has agreed a schedule of contributions to the overall scheme deficit as set out below. These have been recognised in the pension liability on the balance sheet. This provision will unwind as contributions are paid and will increase if a revised, increased, schedule of contributions is agreed with the MNOFF. The latest actuarial valuation of the scheme, at March 2012, identified a scheme deficit of £492,000,000. The Group agreed to make annual contributions based on the scheme's deficit of £601,000 per annum from 2018 to 2020 and £113,000 per annum from 2021 to 2023 (2019 – same). The contributions made by the Group to the MNOFF scheme over the financial year amounted to £749,000 (2019 – £451,000) following an agreement with the MNOFF trustees to defer a proportion of the FY19 contribution to FY20. This scheme is now fully funded and the next triennial valuation takes place as at 31 March 2021. The valuation is not expected to reveal any further deficit. No further contributions are therefore expected to the scheme beyond 2023.

The Group has previously participated in the Merchant Navy Ratings Pension Fund (MNRPF) and exited the scheme in 2004, paying the agreed section 75 charge at the time. Following a High Court decision that the MNRPF could set aside previous agreements such as this with former employers and implement its proposed revised funding arrangements, the MNRPF requested further contributions from the Group, of which a further £63,000 has been paid in the year. The balance of £189,000 is provided for in note 20 and no further contributions are expected to the scheme beyond 2023.

The Company sponsors the Bibby Line Group Pension Scheme, which is a defined benefit arrangement. The most recent comprehensive triennial valuation of the Scheme was carried out at 5 April 2020 and the preliminary results of this valuation were used to support the FY20 results. The company has employed an independent actuary to update this valuation allowing for differences between the actuarial assumptions used by the Scheme for funding purposes and those adopted by the Company to measure the Scheme's liabilities in the financial statements and adjusting for benefits paid by the Scheme.

The Scheme has been closed to new entrants since April 2000. New employees are offered membership of a defined contribution arrangement known as the Bibby Line Group Personal Pension Plan. The Scheme closed to future accrual for existing members on 30 September 2011, these employees were offered membership of the Bibby Line Group Personal Pension Plan.

On 20 November 2020, the High Court handed down their judgement in the latest instalment of the Lloyds GMP equalisation case, concluding that historical transfers out are required to have their GMPs equalised, from the date of the Barber agreement in 1990 onwards, and any back payment due paid. It is estimated that the impact of GMP equalisation on historical transfers out of the Scheme increased the liabilities by £230,000. This increase has been recognised in FY20 as a past service cost in the profit and loss account.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 27. Pension costs (continued)

The contributions made by the employer over the financial year to the Bibby Line Group Pension Scheme have been £4,819,000 (2019 – £1,810,000). Employer contributions over the year were higher than 2019 due to a one-off contribution of £3,000,000 in 2020 in relation to the Flexible Apportionment Arrangement agreed between the Company and Trustees following the sale of Bibby Distribution Limited. Payments of £1,819,000 are in accordance with the schedule of contributions adopted by the Scheme Trustees to fund the deficit.

#### Assumptions:

The assets of the Bibby Line Group Pension Scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	2020	2019
Annual inflation (RPI)	3.00%	3.00%
Annual salary increases	n/a	n/a
Annual rate of discount	1.35%	2.00%
Pension in payment increases	As guaranteed	As guaranteed
Annual revaluation rate for deferred members	2.10%	2.10%
Allowance for commutation of pension for cash at retirement	Yes	Yes

The mortality assumptions adopted at 31 December imply the following life expectations:

	2020	2019
Male retiring at age 65 at the year end	20.6	21.2
Male retiring at age 65 in twenty years' time	21.9	22.5

#### Funded status:

The funded status at the end of the year, and the related amounts recognised in the balance sheet, were as follows:

	2020 £000	2019 £000
Total market value of assets	99,381	86,847
Present value of Scheme liabilities	(101,623)	(91,614)
Net pension liability	(2,242)	(4,767)

The FRS102 deficit has decreased from £4.8m at FY19 to £2.2m at FY20. The improvement of £2.5m over the year has largely been caused by the following items:

- Higher than expected asset returns of around £9.2m;
- Employer contributions of around £4.8m; and
- An actuarial gain due to changes in demographic assumptions of around £1.7m.

Partially offset by:

- An actuarial loss due to changes in financial assumptions of around £12.8m.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 27. Pension costs (continued)

Fair value of assets comprises:

	2020 £000	2019 £000
Equities	-	12,026
Bonds	69,990	43,755
Property	542	-
Cash	4,020	205
Other	24,829	30,861
Total	99,381	86,847

Reconciliation of opening and closing balances of the present value of the Scheme liabilities:

	2020 £000	2019 £000
Scheme liabilities at 1 January	91,614	86,456
Past service cost	230	-
Interest cost	1,804	2,424
Actuarial losses/(gains)	11,117	11,332
Experience (gain)/loss on liabilities	(210)	-
Benefits paid and expenses	(2,932)	(8,598)
Scheme liabilities at 31 December	101,623	91,614

Reconciliation of opening and closing balances of the fair value of the Scheme assets:

	2020 £000	2019 £000
Fair value of the Scheme assets at 1 January	86,847	83,241
Interest income	1,753	2,353
Actuarial gains/(losses)	9,215	8,252
Contributions by employer	4,819	1,810
Administration expenses	(321)	(211)
Benefits paid and expenses	(2,932)	(8,598)
Fair value of the Scheme assets at 31 December	99,381	86,847

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 27. Pension costs (continued)

Analysis of the amount charged to the profit and loss account over the year:

	2020 £000	2019 £000
Net interest cost on defined benefit liability	51	71
Past service cost	230	-
Administration expenses	321	211
	<hr/>	<hr/>
Total charge to the profit and loss account	602	282
	<hr/>	<hr/>

Analysis of the amount charged/(credited) to the statement of comprehensive income:

	2020 £000	2019 £000
Actuarial gains arising from changes in demographic and financial assumptions	(11,117)	(11,332)
Return on assets excluding interest income	9,215	8,252
Experience gains/(losses)	210	-
	<hr/>	<hr/>
Actuarial gains recognised in the statement of comprehensive income	(1,692)	(3,080)
	<hr/>	<hr/>

The estimated charge for FY21 is £342,000, comprising a net interest cost of £21,000 and administration costs of £321,000 (assuming administration costs to the profit and loss account are in line with FY20).

### Risks

The main risks the Group is exposed to by the Scheme are:

- Mortality risk – the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancies improve at a faster rate than assumed, this would result in greater payments from the Scheme and consequently increases in the Scheme's liabilities. The Group and the Scheme's Trustees review the mortality assumption on a regular basis to minimise the risk of using inappropriate assumptions.
- Investment risk – the Scheme invests its assets in a portfolio of asset classes. There is residual risk that as the selected portfolio matures, there is the possibility of not being able to reinvest the assets at the assumed rates. The Scheme's Trustees review the structure of the portfolio on a regular basis to minimise these risks.
- Inflation risk – increases to benefits in the Scheme are linked to inflation. If inflation is greater than expected, the liabilities will increase.

### Sensitivity Analysis

Sensitivity analysis figures provided by the actuary are based on various assumptions and current market conditions and as such are likely to change over time.



# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 27. Pension costs (continued)

Sensitivity	Effect on Liabilities
Discount rate +/- 0.5%	-7.9%/+8.9%
Inflation assumptions +/- 0.5%	+4.0%/-3.9%
Life expectancy +/- 1 year	+4.7%/-4.7%

**Company only:** in the prior period the company pension liability was £33k less than the Group pension liability as part of the MNOPF liability is attributable to a subsidiary company. This amount attributable to a subsidiary company was settled in the year.

### 28. Operating lease commitments

The Group has the following total minimum lease payments under non-cancellable operating leases:

	2020		2019	
	Property £000	Other £000	Property £000	Other £000
Within one year	6,076	2,790	13,274	9,232
Between two and five years	18,185	4,519	40,697	15,380
After five years	14,266	-	30,515	3,177

The majority of other leases relate to property, vehicles and equipment.

### 29. Related party transactions

Under section 33 of FRS 102, the Group is exempt from disclosing intra-Group related party transactions, as 100% of the voting rights are controlled by the Group.

The Group considers the directors to be key management personnel and their remuneration is disclosed in note 10.

### Substantial Shareholdings

The Bibby family trustees own 72.71% of the £1,000 ordinary shares of the company through a number of trusts set up to provide for current and future members of the Bibby family. Two of the directors who served during the year and to the date of this report, M.J. Bibby and G.F.H. Bibby, are among the beneficiaries of these trusts. Bibby family members, either directly or through trusts, have a beneficial interest in 90.24% of the £1,000 ordinary shares.

### Loans from Shareholders

During the year one of the directors, M.J. Bibby and one of the shareholders P. J. Bibby loaned funds to Bibby Line Group Limited of which the highest amount outstanding in the year for each loan was £1,500,000 and the amount of interest paid was £139,000 and £118,000 respectively. No amounts were outstanding at the end of the year.

### 30. Capital commitments

	2020 £000	2019 £000
Property, plant and equipment expenditure for which contracts have been placed but which are not otherwise provided for in these financial statements	3,497	1,195

# **Bibby Line Group Limited**

## **Notes to the Financial Statements**

For the year ended 31 December 2020

### **31. Post balance sheet events**

#### **Non-adjusting events after the financial period**

##### **Disposals**

As at the year-end an agreement had been reached with Bestway Wholesale for the sale of Costcutter Supermarkets Holdings Limited (and its subsidiaries), subject to FCA approval. Post year end approval was received and the sale completed on 19 February 2021, realising a profit on disposal. No adjustment has been made to the 2020 balance sheet as a result of the transaction. The business had net liabilities of £30m as at 31 December 2020.

##### **Dividends**

An FY21 interim dividend of £64 per ordinary share and £217.32 per A ordinary share was paid in January 2021 following the disposal of the Distribution business and agreed disposal, subject to FCA approval, of the Costcutter business.

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 32. Subsidiary undertakings

Bibby Line Group Limited is the ultimate parent company. The subsidiaries of the Group are set out below. All parent companies of the trading businesses' subgroups are UK incorporated companies. All interests are in ordinary share capital (or the equivalent) with voting rights.

\* = interest not held directly by Bibby Line Group Limited

	Company Name	Country of Incorporation	Registered office	% Equity Share Capital Held	Type of Business
1.	Bibby Line Group Pension Trustee Limited	England & Wales	<b>α</b>	100%	Pension Trustee
2.	Bibby Financial Services Limited	England & Wales	<b>α</b>	100%	Holding and management services company
3.	Bibby Debt Finance Limited	England & Wales	<b>α</b>	100%*	Non -trading
4.	Bibby Finance 1 Limited	England & Wales	<b>α</b>	100%*	Dormant
5.	Bibby Finance 2 Limited	England & Wales	<b>α</b>	100%*	Non-trading
6.	Coverly Limited (previously Bibby Financial Services (INS) Limited)	England & Wales	<b>α</b>	100%	Insurance agents and brokers
7.	Bibby FS (Holdings) Limited	England & Wales	<b>α</b>	100%*	Holding and management services company
8.	Bibby Financial Services (UK) Limited	England & Wales	<b>α</b>	100%*	Holding and management services company
9.	Bibby Asset Finance Limited	England & Wales	<b>α</b>	100%*	Holding and management services company
10.	Bibby Leasing Limited	England & Wales	<b>α</b>	100%*	Asset financing
11.	Bibby Management Services Limited	England & Wales	<b>α</b>	100%*	Management services
12.	Bibby Trade Services Limited	England & Wales	<b>α</b>	100%*	Trade financing
13.	Factoring UK Group Limited	England & Wales	<b>α</b>	100%*	Holding and management services company
14.	Cashflow UK Limited	England & Wales	<b>α</b>	100%*	Brokerage
15.	Bibby Corporate Financial Solutions Limited	England & Wales	<b>α</b>	100%*	Inventory financing
16.	BFS Corporate Financial Solutions Limited	England & Wales	<b>α</b>	100%	Dormant
17.	Bibby Invoice Finance UK Limited	England & Wales	<b>α</b>	100%*	Controlling company for the factoring and invoice discounting activities of BFS
18.	Bibby ACF Limited	England & Wales	<b>α</b>	100%*	Debt factoring
19.	Bibby Factors Bedford Limited	England & Wales	<b>α</b>	100%*	Debt factoring
20.	Bibby Factors Borehamwood Limited	England & Wales	<b>α</b>	100%*	Debt factoring
21.	Bibby Factors Bristol Limited	England & Wales	<b>α</b>	100%*	Debt factoring
22.	Bibby Factors Leicester Limited	England & Wales	<b>α</b>	100%*	Debt factoring
23.	Bibby Factors Limited	England & Wales	<b>α</b>	100%*	Debt factoring

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 32. Subsidiary undertakings (continued)

	Company Name	Country of Incorporation	Registered office	% Equity Share Capital Held	Type of Business
24.	Bibby Commercial Finance Limited (previously Bibby Factors Manchester Limited)	England & Wales	£	100%*	Debt factoring
25.	Bibby Factors Northeast Limited	England & Wales	£	100%*	Debt factoring
26.	Bibby Factors Northwest Limited	England & Wales	£	100%*	Debt factoring
27.	Bibby Factors Scotland Limited	Scotland	£	100%*	Debt factoring
28.	Bibby Factors Slough Limited	England & Wales	£	100%*	Debt factoring
29.	Bibby Factors Sussex Limited	England & Wales	£	100%*	Debt factoring
30.	Bibby Factors Wessex Limited	England & Wales	£	100%*	Debt factoring
31.	Bibby Factors Yorkshire Limited	England & Wales	£	100%*	Debt factoring
32.	Bibby Factors International Limited	England & Wales	£	100%*	Debt factoring
33.	Bibby Invoice Discounting Limited	England & Wales	£	100%*	Invoice discounting
34.	Bibby Revolving Finance Limited	England & Wales	£	100%*	Trade financing
35.	Bibby Trade Factors Limited	England & Wales	£	100%*	Trade financing
36.	Bibby Transactional Finance Limited	England & Wales	£	100%*	Transactional financing
37.	Global Management Services Limited	England & Wales	£	100%*	Non-trading
38.	Bibby Financial Services (FX) Limited	England & Wales	£	100%*	Holding and management services company
39.	Bibby Foreign Exchange Limited	England & Wales	£	100%*	Foreign exchange services
40.	Bibby Foreign Exchange (Europe) Limited (inc 22-10-18)	Ireland	€	100%*	Foreign exchange services
41.	Bibby Foreign Exchange (Solutions) Limited	England & Wales	£	100%*	Dormant
42.	Bibby Financial Services (Asia) Limited	Hong Kong	HK\$	100%*	Debt factoring
43.	Bibby Financial Services (India) Pvt Limited	India	₹	99.99%*	Debt factoring
44.	Bibby Financial Services (Singapore) Pte. Ltd.	Singapore	S\$	100%*	Debt factoring
45.	Bibby Factoring Services (Malaysia) Sdn Bhd	Malaysia	RM	100%*	Debt factoring
46.	Bibby Financial Services (Europe) Limited	England & Wales	£	100%*	Holding and management services company
47.	Bibby Factor France S. A.	France	€	99.99%*	Debt factoring
48.	Bibby Factoring Slovakia a.s.	Slovak Republic	€	100%*	Debt factoring
49.	Bibby Financial Services a.s.	Czech Republic	€	100%*	Debt factoring
50.	Bibby Financial Services B.V.	Netherlands	€	100%*	Debt factoring
51.	Bibby Financial Services GmbH	Germany	€	100%*	Debt factoring
52.	Bibby Financial Services (Ireland) Limited	Ireland	€	100%*	Debt factoring

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 32. Subsidiary undertakings (continued)

	Company Name	Country of Incorporation	Registered office	% Equity Share Capital Held	Type of Business
53.	Bibby Financial Services Sp. z o. o.	Poland	▲	99.99%*	Debt factoring
54.	Bibby Financial Services AB	Sweden	♀	99.8%*	Debt factoring
55.	Bibby Holdings Limited	England & Wales	α	100%	Holding company
56.	Bibby Ship Management (Eastern Europe)	Russian Federation	⚓	85.71%*	Non-trading
57.	Bibby Taurus Limited	England & Wales	α	100%*	Holding company
58.	Garic Limited	England & Wales	α	100%*	Design, fabrication and purchase of plant and machinery for sale and hire
59.	Bibby Marine Limited	England & Wales	α	100%*	Holding company for BLG marine niche assets and services division
60.	Bibby Marine Management Limited	England & Wales	α	100%*	Service activities incidental to water transportation
61.	Bibby Marine Services Limited	England & Wales	α	100%*	Holding company
62.	Bibby WaveMaster I Limited	England & Wales	α	100%*	Ownership and operation of a service operation vessel
63.	Bibby WaveMaster 2 Limited	England & Wales	α	100%*	Ownership and operation of a service operation vessel
64.	Bibby Marine Survey Services Limited	England & Wales	α	100%*	Dormant
65.	Bibby Renewables Limited	England & Wales	α	100%*	Dormant
66.	Bibby HydroMap Limited (in administration since 3 April 2020)	England & Wales	+	100%*	Provision of marine surveying services
67.	Hydromap Limited	England & Wales	+	100%*	Dormant
68.	Bibby Athena Limited	England & Wales	α	100%*	Ownership and operation of hydrographic survey vessels
69.	Bibby Tethra Limited	England & Wales	α	100%*	Ownership and operation of hydrographic survey vessels
70.	Bibby Maritime Limited	England & Wales	α	100%*	Ownership and operation of floating accommodation vessels
71.	Bibby Bergen Limited	England & Wales	α	100%*	Ownership and operation of a floating accommodation vessel
72.	Bibby Challenge Limited	England & Wales	α	100%*	Ownership and operation of a floating accommodation vessel

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 32. Subsidiary undertakings (continued)

	Company Name	Country of Incorporation	Registered office	% Equity Share Capital Held	Type of Business
73.	Bibby Maritime Crewing Services Limited	England & Wales	<b>α</b>	100%*	Provision of crew services
74.	Bibby Maritime Nigeria Limited	Nigeria	<b>Ω</b>	100%*	In liquidation
75.	Bibby Progress Limited	England & Wales	<b>α</b>	100%*	Ownership and operation of a floating accommodation vessel
76.	Bibby Renaissance Limited	England & Wales	<b>α</b>	100%	Dormant
77.	Bibby Stockholm Limited	England & Wales	<b>α</b>	100%*	Ownership and operation of a floating accommodation vessel
78.	Bibby Line Limited	England & Wales	<b>α</b>	100%	Holding company
79.	Bibby Bulk Carriers Limited	England & Wales	<b>α</b>	100%*	Non-trading
80.	Bibby Gas Carrier Limited	England & Wales	<b>α</b>	100%*	Dormant
81.	Bibby Navigation Limited	England & Wales	<b>α</b>	100%*	Non-trading
82.	Bibby Pool Partner Limited	England & Wales	<b>α</b>	100%*	Non-trading
83.	Bibby Trader Limited	England & Wales	<b>α</b>	100%	Dormant
84.	Bibby Transport Limited	England & Wales	<b>α</b>	100%*	Non-trading
85.	Mumbai Singapore Pte. Ltd.	Singapore	✓	100%*	Non-trading
86.	Costcutter Supermarkets Holdings Limited	England & Wales	<b>α</b>	100%	Holding company
87.	CSMF Limited	England & Wales	<b>α</b>	100%*	Holding company
88.	CSMB Limited	England & Wales	<b>α</b>	100%*	Holding company
89.	Costcutter Holdings Limited	England & Wales	<b>α</b>	100%*	Holding company
90.	Costcutter Supermarkets Group Limited	England & Wales	<b>α</b>	100%*	Holding company for Group which operates as a convenience symbol group in the UK
91.	Costcutter International Limited	England & Wales	<b>α</b>	100%*	Non-trading
92.	Ebor Foodmarkets Limited	England & Wales	<b>α</b>	100%*	Retail
93.	PDQ Limited	England & Wales	<b>α</b>	100%*	Non-trading
94.	Primex UK Limited	England & Wales	<b>α</b>	100%*	Dormant
95.	The Local Independent Trading Company Limited	England & Wales	<b>α</b>	100%*	Non-trading

# Bibby Line Group Limited

## Notes to the Financial Statements

For the year ended 31 December 2020

### 32. Subsidiary undertakings (continued)

Registered offices:

- α 3<sup>rd</sup> Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom
- β 6, Shenton Way, #18-08A Oue Downtown 068809, Singapore
- μ 1/1, The Exchange Building, 142 St. Vincent Street, Glasgow, G2 5LA, United Kingdom
- ≤ 4th Floor Heather House, Heather Road, Sandyford, Dublin 18, Ireland
- ≠ Unit 2302, 23/F Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong
- ¥ Unit 508, Fifth Floor, Metropolis Mall, MG Road, Gurugram, Haryana, 122002 India
- ® Suite 7E, Level 7, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor, Malaysia
- ± 160 Avenue Jean Jaures, CS 90404, 69364 Lyon Cedex, France
- Ø Prievozská 4D, Block E, 13th Floor, Bratislava 821 09, Slovak Republic
- ℥ Hlinky 118, Brno, 603 00, Czech Republic
- € Laan Van Diepenvoorde 5, 5582 LA, Waalre, Netherlands
- ∑ Hansaallee 249, 40549 Düsseldorf, Germany
- ▲ Poland Eurocentrum, Al. Jerozolimskie 134, 02-305 Warsaw, Poland
- ♀ c/o Bibby Financial Services Limited, 3rd Floor Walker House, Exchange Flags, Liverpool, L2 3YL, United Kingdom
- ‡ 1/2 Atarbekova str, 350062, Krasnodar, Krasnodar
- ⊕ Maritime House, 4 Brunel Road, Croft Business Park, Bromborough, Merseyside, CH62 3NY United Kingdom
- ⚡ 25 Adeyemo Alakija Street, Victoria Island, Lagos, Nigeria
- ✓ 10 Anson Road, #09-17 International Plaza, 079903 Singapore