

Company Registration No. 03890593

Kings Hill Capital Limited

Report and Financial Statements

Year ended 31 October 2006



Kings Hill Capital Limited

Report and financial statements 2006

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Independent auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7

Kings Hill Capital Limited

Report and financial statements

Officers and professional advisers

Directors

K W Maynard
G P Crawford
J D Randall

Secretary

J D Randall

Registered office

10 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4LT

Bankers

Barclays Bank PLC
54 Lombard Street
London
EC3V 9EX

Solicitors

Clifford Chance
10 Upper Bank Street
London
E14 5JJ

Auditors

Deloitte & Touche LLP
London

Kings Hill Capital Limited

Directors' report

The directors present their report on the affairs of the Company, together with the financial statements and auditor's report, for the year ended 31 October 2006

Principal activity and business review

The Company's principal activity was formerly securitisation of non-performing loans in the United Kingdom. The Company has not traded during the year.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Results and dividends

The audited financial statements for the year ended 31 October 2006 are set out on pages 5 to 10. The Company's result for the year, after taxation, was a loss of £nil (2005 – loss of £498). The directors do not recommend the payment of a dividend (2005 - £nil).

The directors do not expect the business to trade during the coming year.

Directors and their interests

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

K W Maynard

G P Crawford

J D Randall

The interests in the Cabot group held by directors during the year relate only to Cabot Financial Group Limited and are disclosed in that company's financial statements.

Supplier payment policy

It is the Company's policy to abide by the terms of payment agreed with suppliers.

Auditors

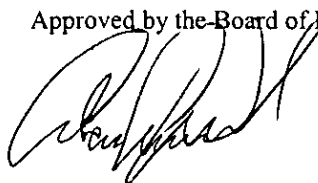
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 ought to have taken as a director in order to make himself 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 s234ZA of the Companies Act 1985.

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



G P Crawford
Director

29 February 2007

Kings Hill Capital Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements. The directors have chosen to prepare the accounts for the Company in accordance with United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Company and of the profit or loss of the Company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Kings Hill Capital Limited

We have audited the financial statements of Kings Hill Capital Limited for the year ended 31 October 2006 which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion


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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 October 2006 and of its result for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
28 February 2007

Kings Hill Capital Limited

Profit and loss account

Year ended 31 October 2006

	Notes	2006 £	2005 £
Turnover	2	-	-
Purchase cost recovery		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
Operating profit	3	-	-
Amounts written off fixed asset investments		-	(498)
		<hr/>	<hr/>
Loss on ordinary activities before and after taxation	5	-	(498)
		<hr/>	<hr/>

A reconciliation of movements in shareholders' funds is given in note 11

All of the above arose from continuing operations. There are no recognised gains or losses in the year or the prior year except as shown above and accordingly no statement of total recognised gains and losses is shown.

The accompanying notes are an integral part of this profit and loss account.

Kings Hill Capital Limited

Balance sheet

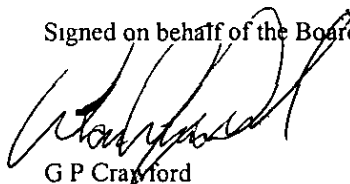
As at 31 October 2006

	Notes	2006 £	2005 £
Fixed assets			
Investments	6	<u>2</u>	<u>2</u>
Current assets			
Debtors	7	<u>66,687</u>	<u>66,687</u>
		66,687	66,687
Creditors: amounts falling due within one year	8	<u>(4,594)</u>	<u>(4,594)</u>
Net current assets		<u>62,093</u>	<u>62,093</u>
Total assets less current liabilities		<u>62,095</u>	<u>62,095</u>
Capital and reserves			
Called up share capital	9	1	1
Profit and loss account	10	<u>62,094</u>	<u>62,094</u>
Equity shareholders' funds	11	<u>62,095</u>	<u>62,095</u>

The accompanying notes are an integral part of this balance sheet

These financial statements were approved by the Board of Directors on 28 February 2007

Signed on behalf of the Board of Directors



G P Crawford

Director

Kings Hill Capital Limited

Notes to the financial statements

Year ended 31 October 2006

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Cabot Financial Holdings Limited which prepares such statements. These financial statements therefore present information about the company as an individual entity and not about its group.

Investments

Fixed asset investments are shown at cost less provision for impairment. The principal investment held by the Company is shown in note 6.

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 substantially enacted by the balance sheet date.

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

A net deferred tax asset is regarded as recoverable and therefore recognised only when, 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.

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

Cash flow statement

Under the provisions of FRS 1 (Revised) "Cash Flow Statements", the Company has not provided a cash flow statement. This is because the Company is a wholly owned subsidiary of Cabot Financial Holdings Group Limited which prepares such a statement.

2. Turnover

The Company did not trade during the year or the previous year.

3. Profit from ordinary activities

The auditors' remuneration with respect to audit fees for the year of £2,350 (2005 - £2,350) was borne by the Company's intermediate holding company, Cabot Financial Group Limited.

Kings Hill Capital Limited

Notes to the financial statements

Year ended 31 October 2006

4. Staff costs

There were no employees of the Company during the year ended 31 October 2006 (2005 - none) The directors received no remuneration in the year (2005 - £nil)

5. Tax on profit on ordinary activities

There was no tax charge for the year ended 31 October 2006 (2005 - £nil)

6. Fixed asset investments

The Company's subsidiary undertaking did not trade during the year

	2006	2005
	£	£
Cost at start of the year	2	500
Permanent diminution in value	-	(498)
	<u>2</u>	<u>2</u>
Net book value at end of year	<u>2</u>	<u>2</u>

The Company has an investment in the following subsidiary undertaking

Subsidiary undertakings	Date of acquisition	Country of incorporation and operation or principal business address	Principal activity	Ordinary shares held	% voting rights held
Morley Funding Limited	17 May 2001	Great Britain	Dormant	2	100

7. Debtors

	2006	2005
	£	£
Amount owed by group undertakings	<u>66,687</u>	<u>66,687</u>

Kings Hill Capital Limited

Notes to the financial statements Year ended 31 October 2006

8. Creditors – amounts falling due within one year

	2006 £	2005 £
Amount owed to group undertakings	4,594	4,594
	<u>4,594</u>	<u>4,594</u>

9. Called up share capital

	2006 £	2005 £
Authorised:		
100 (2005 - 100) ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Called up, allotted, and fully paid:		
1 (2005 - 1) ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

10. Profit and loss account

	2006 £	2005 £
Loss for the financial year	-	(498)
Opening profit and loss account	62,094	62,592
	<u>62,094</u>	<u>62,592</u>
Closing profit and loss account	62,094	62,094

11. Reconciliation of movements in shareholders' funds

	2006 £	2006 £
Loss for the financial year	-	(498)
	<u>-</u>	<u>(498)</u>
Net movement in shareholders' funds	-	(498)
Opening shareholders' funds	62,095	62,593
	<u>62,095</u>	<u>62,593</u>
Closing shareholders' funds	62,095	62,095

Kings Hill Capital Limited

Notes to the financial statements

Year ended 31 October 2006

12. Related party transactions

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 not to disclose transactions with group companies, as it is a wholly owned subsidiary. There were no other related party transactions or balances requiring disclosure.

13. Ultimate parent company

The Company's immediate parent company is Cabot Financial Debt Recovery Services Limited. The smallest group of which the Company is a member and for which group financial statements are drawn up is Cabot Financial Holdings Group Limited.

For the period from 1 November 2005 to 7 April 2006, the directors regarded Cabot Financial Holdings Group Limited, a company incorporated in the UK, as the ultimate parent company and the ultimate controlling party and its results are included in the consolidated financial statements of that company, as the largest group of which the Company was a member. Copies of the financial statements of Cabot Financial Holdings Group Limited are available from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.

On 7 April 2006, Cabot Financial Holdings Group Limited was acquired by Cabot Financial Limited, a company wholly owned by Cabot Financial Group Limited, a company incorporated in the UK. The results of the Company are included in the consolidated financial statements of Cabot Financial Group Limited. Since 7 April 2006 the ultimate UK parent undertaking is NPIL Hold Co Limited and the directors believe that consolidated accounts will be prepared by this company. The ultimate parent undertaking is Nikko Cordial Corporation, a company listed on the Tokyo Stock Exchange in Japan, and the directors believe that consolidated accounts will be prepared for this company, making it the largest group of which the Company was a member post-7 April 2006. Copies of the financial statements are available from www.nikko.jp.