

**CABOT FINANCIAL DEBT
RECOVERY SERVICES LIMITED**

Report and Financial Statements

Year ended 31 October 2003

**Deloitte & Touche LLP
London**



**CABOT FINANCIAL DEBT RECOVERY
SERVICES LIMITED**

REPORT AND FINANCIAL STATEMENTS YEAR ENDED 31 OCTOBER 2003

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**CABOT FINANCIAL DEBT RECOVERY
SERVICES LIMITED**

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

CS SCF Management Limited
G P Crawford
K W Maynard

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
Chartered Accountants
London

CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 October 2003.

ACTIVITIES

The principal activity of the Company is the funding and management of other companies within the Cabot Financial Holdings Limited group of companies.

As the Company's parent Company, Cabot Financial Holdings Limited, prepares consolidated accounts the directors are not required to prepare such accounts.

RESULTS AND DIVIDENDS

The audited financial statements for the year ended 31 October 2003 are set out on pages 5 to 12. The profit for the year, after taxation was £272,604 (10 month period ended 31 October 2002 - £2,787). The directors do not recommend the payment of a dividend (2002 - £nil)

The directors expect the level of business activity of the Company to remain constant throughout the coming year.

DIRECTORS AND THEIR INTERESTS

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

K W Maynard
G P Crawford
CS SCF Management Limited

The directors who held office during the year do not have any interests in the shares of the Company or any Group companies.

SUPPLIER PAYMENT POLICY

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

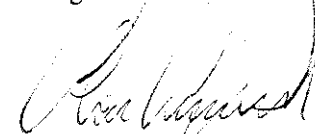
CHARITABLE AND POLITICAL CONTRIBUTIONS

During the year the Company made no charitable or political donations (2002 - £nil).

AUDITORS

On 1 August 2003, Deloitte & Touche, the Company's auditors transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP as the Company's auditor 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

15 December 2003

CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. 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 the system of internal control, 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 CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED

We have audited the financial statements of Cabot Financial Debt Recovery Services Limited for the year ended 31 October 2003 which comprise the profit and loss account, the balance sheet and the related notes numbered 1 to 15. 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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and United Kingdom Auditing Standards.

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

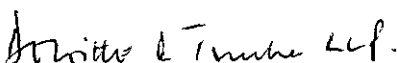
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 of the state of affairs of the Company at 31 October 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

London

15 December 2003

**CABOT FINANCIAL DEBT RECOVERY
SERVICES LIMITED**

PROFIT AND LOSS ACCOUNT
Year ended 31 October 2003

	Note	Year ended 31 October 2003 £	10 months to 31 October 2002 £
Administration expenses		(19,921)	(505)
OPERATING LOSS	2	(19,921)	(505)
Interest receivable and similar income	3	6,778	1,475,860
Interest payable and similar charges	4	(22,264)	(1,471,374)
Income from shares in group undertakings	5	443,236	-
(LOSS) /PROFIT/ ON ORDINARY ACTIVITIES BEFORE TAXATION		407,829	3,981
Tax on profit on ordinary activities	6	(135,225)	(1,194)
PROFIT FOR THE YEAR/ PERIOD AFTER TAXATION		272,604	2,787
RETAINED PROFIT FOR THE YEAR/PERIOD		272,604	2,787

All turnover arises from continuing operations. There are no other gains or losses other than the profit recognised in the profit and loss account for the current year or preceding period and accordingly no statement of total recognised gains and losses is given.

A reconciliation of movements in shareholders' funds is given in note 13.

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

**CABOT FINANCIAL DEBT RECOVERY
SERVICES LIMITED**

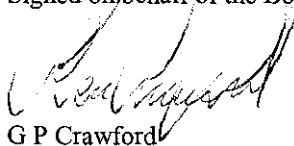
BALANCE SHEET
As at 31 October 2003

	Note	31 October 2003 £	31 October 2002 £
FIXED ASSETS			
Investments	8	4,903,825	4,903,825
		<u>4,903,825</u>	<u>4,903,825</u>
CURRENT ASSETS			
Debtors	9	21,882,934	21,933,013
Cash at bank and in hand		-	82,616
		<u>21,882,934</u>	<u>22,015,629</u>
CREDITORS: amounts falling due within one year	10	(24,636,708)	(25,042,007)
NET CURRENT LIABILITIES		<u>(2,753,774)</u>	<u>(3,026,378)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,150,051</u>	<u>1,877,447</u>
CAPITAL AND RESERVES			
Called up share capital	11	924,001	924,001
Profit and loss account	12	1,226,050	953,446
		<u>2,150,051</u>	<u>1,877,447</u>
EQUITY SHAREHOLDERS' FUNDS	13	<u>2,150,051</u>	<u>1,877,447</u>

The accompanying notes are an integral part of this balance sheet.

These financial statements were approved by the Board of Directors on 15 December 2003

Signed on behalf of the Board of Directors



G P Crawford

Director

CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 October 2003

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Funding

Cabot Financial Holdings Limited provides a loan facility and agrees pursuant to such a facility to subordinate repayment of the loan to the extent that it will not demand repayment of all or part of the loan at any time when the making of such payment by the Company would cause the Company to be unable to discharge its liabilities to any other party.

The directors therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have therefore used the going concern basis in preparing the financial statements.

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.

Foreign exchange

Transactions in foreign currencies are recorded at the rates 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. All other exchange differences are included in the profit and loss account.

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 limited which prepares such a statement.

Consolidation

Cabot Financial Debt Recovery Services Limited is exempt from preparing group accounts as it is a wholly owned subsidiary of Cabot Financial Holdings Limited and its results are included in the consolidated financial statements of Cabot Financial Holdings Limited.

2. OPERATING LOSS

	Year ended 31 October 2003 £	10 months to 31 October 2002 £
Operating loss is stated after charging:		
Auditors' remuneration		
- for audit work	-	-
- for non-audit work	-	-
Foreign exchange losses	19,860	382

The auditors' remuneration is borne by the Company's parent company.

**CABOT FINANCIAL DEBT RECOVERY
SERVICES LIMITED**

NOTES TO THE ACCOUNTS
Year ended 31 October 2003

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 October 2003 £	10 months to 31 October 2002 £
Interest receivable from group companies	6,778	1,439,997
Bank interest receivable	-	35,863
	<u>6,778</u>	<u>1,475,860</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 October 2003 £	10 months to 31 October 2002 £
Interest payable to group companies	22,264	1,471,374
	<u>22,264</u>	<u>1,471,374</u>

5. INVESTMENT INCOME

The dividend has been paid by Cabot Service Europe SAS, a wholly owned subsidiary of this Company who is incorporated in France.

**CABOT FINANCIAL DEBT RECOVERY
SERVICES LIMITED**

NOTES TO THE ACCOUNTS

Year ended 31 October 2003

6. TAX ON ORDINARY ACTIVITIES

	Year ended 31 October 2003 £	10 months to 31 October 2002 £
Analysis of charge in period		
Current tax		
UK Corporation tax at 30%	-	(1,194)
Group relief at 30%	10,622	-
	<u>10,622</u>	<u>(1,194)</u>
Adjustment in respect of prior years	421	-
	<u>11,043</u>	<u>(1,194)</u>
Foreign tax	(146,268)	-
	<u>(135,225)</u>	<u>(1,194)</u>
Total current tax	<u>(135,225)</u>	<u>(1,194)</u>
Tax on profit on ordinary activities	<u>(135,225)</u>	<u>(1,194)</u>
Factors affecting tax charge for the period		
Profit on ordinary activities before tax	407,829	3,981
Profit on ordinary activities multiplied by ordinary rate of corporation tax in the UK of 30% (2002 - 30%)	(122,349)	(1,194)
Adjustment to tax in respect of previous periods	421	-
Higher tax rates on overseas earnings	(13,927)	-
	<u>(135,225)</u>	<u>(1,194)</u>
Current tax charge for period	<u>(135,225)</u>	<u>(1,194)</u>

The Company has no provided or un-provided deferred tax incomes.

7. STAFF COSTS

There were no employees of the Company during the year ended 31 October 2003 (2002 - none). The directors received no remuneration in the year (2002 - £nil).

CABOT FINANCIAL DEBT RECOVERY SERVICES LIMITED

NOTES TO THE ACCOUNTS Year ended 31 October 2003

8. FIXED ASSET INVESTMENTS

	31 October 2003 £	31 October 2002 £
Cost of investments in subsidiary undertakings		
Bought forward at beginning of period	4,903,825	22,200
New subscriptions	-	4,881,625
	<u>4,903,825</u>	<u>4,903,825</u>
Carried forward		

The Company has investments in the following subsidiary undertakings which principally affected the financial statements of the Company:

Subsidiary undertakings	Date of acquisition	Country of incorporation and operation	Principal activity	Ordinary shares held	% shares held
Cabot Financial (Europe) Limited	27 April 2000	Great Britain	Collection of UK consumer debt	£12,104,790	100
Kings Hill (No. 1) Limited	27 April 2000	Great Britain	UK consumer debt purchase and recovery	£1	100
Kings Hill (No. 2) Limited	27 April 2000	Great Britain	UK consumer debt purchase and recovery	£1	100
Kings Hill Capital Limited	30 August 2000	Great Britain	UK consumer debt purchase and recovery	£1	100
Cabot Service (Europe) SAS	27 April 2000	France	French consumer debt purchase and recovery	Euro 38,112	100

9. DEBTORS

	31 October 2003 £	31 October 2002 £
Loans to subsidiary undertakings	21,662,322	21,662,322
Amount owed by group companies	220,612	270,691
	<u>21,882,934</u>	<u>21,933,013</u>

**CABOT FINANCIAL DEBT RECOVERY
SERVICES LIMITED**

**NOTES TO THE ACCOUNTS
Year ended 31 October 2003**

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 October 2003 £	31 October 2002 £
Corporation tax	-	1,194
Loans from group companies	27,158,600	24,685,796
Amounts owed to group undertakings	478,108	355,012
Other creditors and accruals	-	5
	<u>24,636,708</u>	<u>25,042,007</u>

11. CALLED UP SHARE CAPITAL

	31 October 2003 £	31 October 2002 £
Authorised:		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
Allotted, called up, and fully paid:		
924,001 ordinary shares of £1 each	<u>924,001</u>	<u>924,001</u>

12. PROFIT AND LOSS ACCOUNT

	Year ended 31 October 2003 £	10 months to 31 October 2002 £
At beginning of year/period	953,446	950,659
Retained profit for the year/period.	272,604	2,787
At end of period	<u>1,226,050</u>	<u>953,446</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 October 2003 £	31 October 2002 £
Profit for the financial year/period	272,604	2,787
Net addition to shareholders' funds	-	2,787
Opening shareholders' funds	<u>1,877,447</u>	<u>1,874,660</u>
Closing shareholders' funds	<u>2,150,051</u>	<u>1,877,447</u>

**CABOT FINANCIAL DEBT RECOVERY
SERVICES LIMITED**

**NOTES TO THE ACCOUNTS
Year ended 31 October 2003**

14. CONTINGENT LIABILITIES

The Company is party to a guarantee in favour of the Group's bankers in relation to loans drawn down by other Group companies. Amounts outstanding at 31 October 2003 were £21,861,255 (31 October 2002 - £13,123,290).

15. ULTIMATE PARENT COMPANY AND RELATED PARTY TRANSACTIONS

The Company's ultimate parent Company is CS Structured Credit Fund Limited, a Company incorporated in the Cayman islands. The Company's immediate and controlling parent company is Cabot Financial Holdings Limited.

Cabot Financial Debt Recovery Services Limited is a wholly owned subsidiary of Cabot Financial Holdings Limited and its results are included in the consolidated financial statements of Cabot Financial Holdings Limited. Consequently, the Company has taken advantage of the exemption under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Cabot Financial Holdings Limited Group for the year ended 31 October 2002. The financial statements of Cabot Financial Holdings Limited Group are available from Companies House.