

**Company Registration No. 393613~~5~~4**

**Cabot Financial Debt Recovery  
Services Limited  
Report and Financial Statements**

**Year ended 31 October 2008**

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# **Cabot Financial Debt Recovery Services Limited**

## **Report and financial statements 2008**

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# **Cabot Financial Debt Recovery Services Limited**

## **Report and financial statements 2008**

### **Officers and professional advisers**

#### **Directors**

G P Crawford  
K W Maynard  
J D Randall

#### **Secretary**

J D Randall

#### **Registered office**

1 Kings Hill Avenue  
Kings Hill  
West Malling  
Kent ME19 4UA

#### **Bankers**

Barclays Bank Plc  
1 Churchill Place  
London  
E14 5HP

#### **Solicitors**

Clifford Chance  
10 Upper Bank Street  
London  
E14 5JJ

#### **Auditors**

Deloitte LLP  
London, United Kingdom

# **Cabot Financial Debt Recovery Services Limited**

## **Directors' report (continued)**

The directors present their annual report on the affairs of Cabot Financial Debt Recovery Services Limited (the "Company"), together with the financial statements and auditors' report, for the year ended 31 October 2008.

### **Principal activities and business review**

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

On 31 October 2008, the Company sold its 20% stake in Spanish Debt collector Gescobro for cash consideration of £720,052 (net of costs).

The directors consider that the company performed its obligations to manage the interests of other companies in the group in accordance with the business plan.

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.

### **Principal risks**

As described in note 16 to the financial statements, the Company is a member of the Cabot Financial Group (the "Group"). Consolidated accounts for the Group are drawn up for Cabot Financial Holdings Group Limited. The Company provides funding and management to the Group and receives dividend income from these related parties. Therefore the majority of the risks it faces are related to the performance of the rest of the Group. The principal activity of the Group is the purchase and recovery of non-performing consumer loans and the principal risks attached are explained in the accounts of the Group. The dividends received are from its foreign investments and therefore the level of income will be directly affected by foreign exchange movements.

### **Going concern**

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Business review of this report. The financial position of the Company and liquidity position are described in these accounts. The Company made an operating loss of £469 (2007: £4,157), net current liabilities of £14,707,157 (2007: £15,270,177) and a net surplus on shareholder's funds of £2,499,733 (2007: £2,713,348).

The Company's business is the funding and management of the wider group of companies and is therefore dependent on the financial well being of the Group for its own financial security. However, the Company's parent undertaking has confirmed it will continue to support the Company for the foreseeable future.

The Group meets its day to day working capital requirements through a £140m senior loan facility which is over due for renewal. The renewal date of the existing bank loan facility was extended to 30 September 2009. As of the balance sheet date the senior loan facility was drawn down to £131m, since the balance sheet date repayments made under the facility have reduced the balance drawn to £110m as at the date of approving the financial statements.

The negotiations for the replacement of this facility with a £125m senior loan facility are at a very advanced stage, and initial credit approval has been obtained by both of the funding institutions involved with the expectation that the new facility agreement will be signed in the near future.

The Group's latest forecasts and cash flow projections have been reviewed in comparison to the proposed new loan facility terms and covenants and this has not indicated any significant uncertainty over the group's ability to operate within the requirements of the renewed facility and therefore to continue as a going concern.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

# Cabot Financial Debt Recovery Services Limited

## Directors' report (continued)

### Results and dividends

The audited financial statements for the year ended 31 October 2008 are set out on pages 6 to 14. The Company's result for the year after taxation was £213,615 (2007 - loss of £73,243). The directors do not recommend the payment of a dividend (2007 - £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  
J D Randall

The interests in the group held by directors during the year relate 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/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 s234ZA of the Companies Act 1985.

On 1 December 2008, Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappointment them will be proposed at the forthcoming Annual General Meeting.

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



J D Randall  
Director

28 August 2009

# **Cabot Financial Debt Recovery Services 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 UK 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 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 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2007).

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 applicable to Smaller Entities, of the state of the Company's affairs as at 31 October 2008 and of its loss 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 LLP

Chartered Accountants and Registered Auditors  
London, United Kingdom

28 August 2009

## Cabot Financial Debt Recovery Services Limited

### Profit and loss account

For the year ended 31 October 2008

	Notes	2008 £	2007 £
Administration expenses	5	(469)	(4,157)
<b>Operating loss</b>		<b>(469)</b>	<b>(4,157)</b>
Loss on sale of fixed asset investment	8	(10,823)	-
Interest receivable and similar income	2	3,982	4,726
Interest payable and similar charges	3	(381,465)	(317,841)
Income from shares in group undertakings	4	137,931	252,128
Income from shares in associated undertakings		37,229	4,165
<b>Loss on ordinary activities before taxation</b>	5	<b>(213,615)</b>	<b>(60,979)</b>
Tax on loss on ordinary activities	6	-	(12,264)
<b>Loss for the year after taxation</b>		<b>(213,615)</b>	<b>(73,243)</b>

All the above 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 and preceding year and accordingly no statement of total recognised gains and losses is given.

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 2008

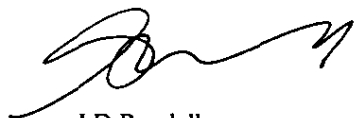
	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Investments	8	17,206,890	17,983,525
		<u>17,206,890</u>	<u>17,983,525</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	13,821,686	13,821,686
Cash at bank and in hand		53,158	3,471
		<u>13,874,844</u>	<u>13,825,157</u>
<b>Creditors: amounts falling due within one year</b>	10	(28,582,001)	(29,095,334)
<b>Net current liabilities</b>		<u>(14,707,157)</u>	<u>(15,270,177)</u>
<b>Total assets less current liabilities</b>		<u>2,499,733</u>	<u>2,713,348</u>
<b>Capital and reserves</b>			
Called up share capital	11	924,001	924,001
Profit and loss account	12	1,575,732	1,789,347
		<u>2,499,733</u>	<u>2,713,348</u>
<b>Equity shareholders' funds</b>	13	<u>2,499,733</u>	<u>2,713,348</u>

These financial statements have been prepared in accordance with the special provisions relating to small companies under Section 246(4) of the Companies Act 1985 and within the Financial Reporting Standard for Smaller Entities (effective January 2007).

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

These financial statements were approved by the Board of Directors on 29 August 2009.

Signed on behalf of the Board of Directors



J D Randall

Director

# **Cabot Financial Debt Recovery Services Limited**

## **Notes to the financial statements (continued)** **Year ended 31 October 2008**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards applicable and the requirements of the Financial Reporting Standard for Smaller Entities (Effective January 2007). The particular accounting policies adopted are described below. These have been applied consistently throughout the year and the preceding year.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **Going concern**

The Company's business activities, together with factors likely to affect its future development, performance and position are set out in the Business review of the Directors' report. The financial position of the Company and liquidity position are described in these accounts. The Company made an operating loss of £469 (2007: £4,157), net current liabilities of £14,707,157 (2007: £15,270,177) and a net surplus on shareholder's funds of £2,499,733 (2007: £2,713,348).

The Company's business is the funding and management of the wider group of companies and is therefore dependent on the financial well being of the Group for its own financial security. However, the Company's parent undertaking has confirmed it will continue to support the Company for the foreseeable future.

The Group meets its day to day working capital requirements through a £140m senior loan facility which is over due for renewal. The renewal date of the existing bank loan facility was extended to 30 September 2009. As of the balance sheet date the senior loan facility was drawn down to £131m, since the balance sheet date repayments made under the facility have reduced the balance drawn to £110m as at the date of approving the financial statements.

The negotiations for the replacement of this facility with a £125m senior loan facility are at a very advanced stage, and initial credit approval has been obtained by both of the funding institutions involved with the expectation that the new facility agreement will be signed in the near future.

The Group's latest forecasts and cash flow projections have been reviewed in comparison to the proposed new loan facility terms and covenants and this has not indicated any significant uncertainty over the group's ability to operate within the requirements of the renewed facility and therefore to continue as a going concern.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### **Interest**

Interest receivable and payable are recognised on an accruals basis.

#### **Income from shares in group and associated undertakings**

Income from shares in group undertakings represents dividends from group undertakings recognised on a received basis.

# **Cabot Financial Debt Recovery Services Limited**

## **Notes to the financial statements (continued)** **Year ended 31 October 2008**

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

#### **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.

#### **Foreign exchange**

Transactions in foreign currencies are recorded at the rates of exchange for sterling 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.

#### **Investments**

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

#### **Impairment**

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

#### **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.

#### **Consolidation**

The Company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act as it is a wholly owned subsidiary of Cabot Financial Group Limited and its results are included in the consolidated financial statements of Cabot Financial Group Limited. These financial statements therefore present information about the Company as an individual entity alone.

# Cabot Financial Debt Recovery Services Limited

## Notes to the financial statements (continued) Year ended 31 October 2008

### 2. Interest receivable and similar income

	2008 £	2007 £
Interest receivable on cash balances	3,982	-
Interest receivable from group companies	-	4,726
	<u>3,982</u>	<u>4,726</u>

### 3. Interest payable and similar charges

	2008 £	2007 £
Interest payable to group companies	381,465	317,841
	<u>381,465</u>	<u>317,841</u>

### 4. Income from shares in group undertakings

The dividend of £137,931 (2007 - £252,128) has been paid by Cabot Services (Europe) SAS, a wholly owned subsidiary of this Company that is incorporated in France.

### 5. Loss on ordinary activities before taxation

	2008 £	2007 £
Loss on ordinary activities is stated after crediting:		
Foreign exchange gains	(469)	(4,157)
	<u>(469)</u>	<u>(4,157)</u>

The auditors' remuneration with respect to the Company's audit fees for the year of £6,000 (2007 - £5,000) was borne by the Company's intermediate holding company, Cabot Financial Holdings Group Limited.

### 6. Tax on loss on ordinary activities

The tax charge comprises:

	2008 £	2007 £
<b>Current tax</b>		
Group relief - current period	-	(71,779)
Foreign tax	-	84,043
	<u>-</u>	<u>12,264</u>
Tax on loss on ordinary activities	-	12,264

# Cabot Financial Debt Recovery Services Limited

## Notes to the financial statements (continued) Year ended 31 October 2008

### 6. Tax on loss on ordinary activities (continued)

The differences between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

Loss on ordinary activities before taxation	(129,355)	(60,979)
Tax on loss on ordinary activities at standard UK corporation tax at 28% (2007 - 30%)	36,219	18,294
Effects of:		
Non utilisation of losses	(36,219)	-
Expenses not deductible for tax purposes	-	(22,153)
Higher tax rates on overseas earnings	-	(8,405)
Current tax charge for year	-	(12,264)

Deferred tax asset has not been recognised in respect of unutilised tax losses as the current expectation is that there will not be sufficient taxable profits from which the losses could be deducted. The potential deferred tax asset currently amounts to £36,219 (2007: £nil). There are no significant factors which are anticipated to affect the tax charges shown above.

### 7. Staff costs

There were no employees of the Company during the year ended 31 October 2008 (2007 - none). The directors received no remuneration in the year (2007 - £nil).

### 8. Fixed asset investments

	2008 £	2007 £
Subsidiary undertakings	17,206,890	17,252,650
Associates	-	730,875
	<u>17,206,890</u>	<u>17,983,525</u>

# Cabot Financial Debt Recovery Services Limited

## Notes to the financial statements (continued) Year ended 31 October 2008

### 8. Fixed asset investments (continued)

The Company has direct 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
Cabot Financial (UK) Limited	27 April 2000	Great Britain	UK consumer debt purchase and recovery	10,000,000	100
Financial Investigations and Recoveries (Europe) Limited	27 April 2000	Great Britain	Servicing of UK consumer debt	1	100
Kings Hill Capital Limited	30 August 2000	Great Britain	Dormant	1	100
Cabot Services (Europe) SAS	27 April 2000	France	French consumer debt purchase and recovery	2,500	100
Cabot Financial (Ireland) Limited	17 January 2007	Ireland	Irish debt collection	369,114	93
Cabot Spain SL	27 December 2006	Spain	Spanish consumer debt purchase and recovery	3,000	100
Associated undertakings	Date of acquisition	Country of incorporation and operation	Principal activity	Ordinary shares held	% shares held
Gabinete Tecnico Contencioso Gescobro SL	27 December 2006	Spain	Spanish debt collection	400	20

The 20% share of the share capital of Gabinete Tecnico Contencioso Gescobro SL was sold on 31 October 2008 for £720,052.

The Company has 100% voting rights on shares held in each of the subsidiary undertakings.

### 9. Debtors: amounts falling due within one year

	2008 £	2007 £
Loans to subsidiary undertakings	13,820,992	13,820,992
Other debtors and prepayments	694	694
	<u>13,821,686</u>	<u>13,821,686</u>

# Cabot Financial Debt Recovery Services Limited

## Notes to the financial statements (continued) Year ended 31 October 2008

### 10. Creditors: amounts falling due within one year

	2008 £	2007 £
Loans from group companies	24,158,599	24,158,599
Amounts owed to group undertakings	4,382,332	4,936,735
Accruals and other creditors	41,070	
	<u>28,852,001</u>	<u>29,095,334</u>

### 11. Called up share capital

	2008 £	2007 £
<b>Authorised:</b>		
1,000,000 (2007 - 1,000,000) ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up, and fully paid:</b>		
924,001 (2007 - 924,001) ordinary shares of £1 each	<u>924,001</u>	<u>924,001</u>

### 12. Profit and loss account

	2008 £	2007 £
At beginning of year	1,789,347	1,862,590
Loss for the year	<u>(213,615)</u>	<u>(73,243)</u>
At end of year	<u>(1,575,732)</u>	<u>1,789,347</u>

### 13. Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Loss for the financial year	<u>(213,615)</u>	<u>(73,243)</u>
Net reduction to shareholders' funds	<u>(213,615)</u>	<u>(73,243)</u>
Opening shareholders' funds	2,713,348	2,786,591
Closing shareholders' funds	<u>2,499,733</u>	<u>2,713,348</u>

### 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 2008 were £128,074,527 (2007 - £117,330,293).

## **Cabot Financial Debt Recovery Services Limited**

### **Notes to the financial statements (continued)**

**Year ended 31 October 2008**

**15. 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.

**16. Ultimate parent company**

The Company's immediate parent company is Cabot Financial Holdings 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.

Cabot Financial Holdings Group Limited is wholly owned by Cabot Financial Limited, a company wholly owned by Cabot Financial Group Limited, a company incorporated in Great Britain and registered in England and Wales. The results of the Company are included in the consolidated financial statements of Cabot Financial Group Limited. 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 Citigroup Inc, a company listed on the New York Stock Exchange in the United States, making it the largest group of which the Company is a member. Copies of the financial statements are available from Citigroup Inc, 399 Park Avenue, New York, NY 10043.