



ARTHUR ANDERSEN

**Cabot Financial Debt Recovery Services Limited**

Financial statements for the period ended 31 December 2000  
together with directors' and auditors' reports

Registered number: 3936134



## Directors' report

For the year ended 31 December 2000

The directors present their report on the affairs of the group, together with the financial statements and auditors' report, for the period from incorporation on 29 February 2000 to 31 December 2000.

### Principal activities

The principal activities of the group comprise the purchase and recovery of non-performing consumer loans in Europe.

The subsidiary undertakings principally affecting the losses or net liabilities of the group in the period are listed in note 9 to the financial statements.

### Business review

The company was incorporated and registered in England and Wales under the Companies Act 1985 as a Limited Liability Company on 29 February 2000 and changed its name from Iris Cove Limited to Cabot Financial Debt Recovery Services Limited on 30 March 2000. The company commenced trading on 27 April 2000.

During the group's first trading period Cabot Financial Debt Recovery Services Limited acquired the whole of the share capital of Cabot Financial (Europe) Limited, a company specialising in the collection of UK charged-off consumer debt, and the whole of the share capital of Kings Hill (No. 1) Limited and Cabot Services (Europe) SAS both companies specialising in purchasing charged-off consumer debt in the UK and France respectively.

On 27 December 2000 the entire share capital of Cabot Financial Debt Recovery Services Limited was acquired by Platform Group Holdings Limited from Cabot Financial Holdings Limited for £924,001.

After the period end the group obtained two loan facilities from Platform Group Holdings Limited and drew down sums totalling £5,617,500. The sums were used to fully and partially repay loans with Cabot Financial Holdings Limited.

### Results and dividends

The audited financial statements for the period ended 31 December 2000 are set out on pages 4 to 20. The group loss for the period, after taxation, was £3,030,244.

The directors do not recommend payment of a dividend.

## Directors' report (continued)

### Directors and directors' interests

The directors who held office during the period were as follows:

James R. Clark	(appointed 24 March 2000)
Glen P. Crawford	(appointed 24 March 2000)
Richard T. Langstaff	(appointed 24 March 2000, resigned 15 June 2000)
Matthew R. Layton	(appointed 29 February 2000, resigned 24 March 2000)
Martin E. Richards	(appointed 29 February 2000, resigned 24 March 2000)

The directors who held office during the period do not have any interests in the shares of the company or other undertakings in the group headed by Cabot Financial Debt Recovery Services Limited.

### 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 period the group made charitable donations of £776. There were no political contributions.

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group 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, 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

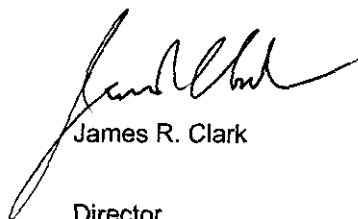
## Directors' report (continued)

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

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

By order of the Board,



James R. Clark

Director

2 February 2001

**To the Shareholders of Cabot Financial Debt Recovery Services Limited:**

We have audited the financial statements on pages 5 to 22 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on pages 9 to 10.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

**Basis of opinion**

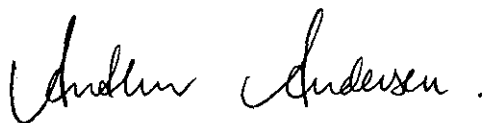
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and of the group, 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.

In forming our opinion, we have considered the adequacy of the disclosures made in note 1a) to the financial statements concerning the preparation of the financial statements on the going concern basis. Our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 December 2000 and of its loss and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

Chartered Accountants and Registered Auditors

1 Surrey Street  
London  
WC2R 2PS

2 February 2001

## Consolidated profit and loss account

For the period ended 31 December 2000

	Notes	2000 £
<b>Turnover</b>	2	6,952,275
Recovered loan cost	1e	(5,417,116)
<b>Gross profit</b>		<u>1,535,159</u>
Administrative expenses		(4,852,489)
Other income	18	<u>1,709,286</u>
<b>Operating loss</b>		<u>(1,608,044)</u>
Interest payable and similar charges		(1,289,133)
Interest receivable and similar income		<u>16,554</u>
<b>Loss on ordinary activities before taxation</b>	3	<u>(2,880,623)</u>
Tax on profit on ordinary activities	4	<u>(149,621)</u>
<b>Loss on ordinary activities after taxation</b>		<u><u>(3,030,244)</u></u>

All turnover arises from acquisitions. There are no other gains or losses other than the losses recognised in the profit and loss account for the period.

A reconciliation of movement in shareholders' funds is given in note 14.

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

# Consolidated balance sheet

31 December 2000

	Notes	2000 £
<b>Fixed assets</b>		
Intangible assets	7	1,603,114
Tangible assets	8	<u>770,151</u>
		2,373,265
<b>Current assets</b>		
Unrecovered loan cost		15,161,788
Debtors	10	637,203
Cash at bank and in hand	17	<u>4,657,464</u>
		20,456,455
<b>Creditors: Amounts falling due within one year</b>	11	<u>(22,135,963)</u>
<b>Net current liabilities</b>		<u>(1,679,508)</u>
<b>Total assets less current liabilities</b>		693,757
<b>Creditors: Amounts falling due after more than one year</b>	11	<u>(2,800,000)</u>
<b>Net liabilities</b>		<u>(2,106,243)</u>
<b>Capital and reserves</b>		
Called-up share capital	12	924,001
Profit and loss account	13	<u>(3,030,244)</u>
<b>Shareholders' funds</b>	14	<u>(2,106,243)</u>

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

# Company balance sheet

31 December 2000

	Notes	2000 £
<b>Fixed assets</b>		
Investments	9	22,195
		<u>22,195</u>
<b>Current assets</b>		
Debtors	10	14,474,069
Cash at bank and in hand		4,385,475
		<u>18,859,544</u>
<b>Creditors: Amounts falling due within one year</b>	11	<u>(17,856,671)</u>
<b>Net current assets</b>		<u>1,002,873</u>
<b>Net assets</b>		<u>1,025,068</u>
<b>Capital and reserves</b>		
Called-up share capital	12	924,001
Profit and loss account	13	101,067
		<u>1,025,068</u>
<b>Shareholders' funds</b>	14	<u>1,025,068</u>
<b>Total capital employed</b>		<u>1,025,068</u>

The financial statements on pages 5 to 22 were approved by the board of directors on 2 February 2001 and signed on its behalf by:



James R. Clark

Director

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



## Consolidated cash flow statement

For the period ended 31 December 2000

	Notes	2000 £
<b>Net cash outflow from operating activities</b>	16	(7,432,557)
<b>Returns on investments and servicing of finance</b>	17	(1,035,734)
Taxation	17	-
Capital expenditure and financial investment	17	(261,691)
Acquisitions and disposals	17	232,531
<b>Cash outflow before management of liquid resources and financing</b>		(8,497,451)
Management of liquid resources		-
Financing	17	13,154,915
<b>Increase in cash in the year</b>		<u>4,657,464</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

## Notes to the Financial Statements

For the year ended 31 December 2000

### 1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

#### *a) Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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 they 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.

#### *b) Basis of consolidation*

The group financial statements consolidate the financial statements of Cabot Financial Debt Recovery Services Limited and its subsidiary undertakings drawn up to 31 December 2000. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

#### *c) Intangible assets – goodwill*

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess, or shortfall, 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, which is twenty years. Provision is made for any impairment.

#### *d) Turnover*

Turnover represents amounts collected from customers and fees receivable from servicing of loans.

#### *e) Income recognition on loan portfolios*

Income is recognised using a full cost recovery basis (all the cash is applied against the cost of the portfolio) until sufficient information is available to estimate the total collections that are likely to be received over the life of the portfolio. At this point income is recognised using a yield basis as described below.

Total collections are estimated on a prudent basis reflecting the characteristics and quality of the portfolio on acquisition together with the collection experience since acquisition. A yield on each portfolio is calculated using total estimated collections by portfolio or subcategory of portfolio. The yield percentage is applied to allocate amounts collected from customers between profit and the cost of the loan portfolio.

## Notes to the Financial Statements (continued)

### 1 Accounting policies (continued)

#### f) *Loan portfolios*

Non-performing loan portfolios are purchased from financial institutions at a substantial discount from their face amounts and are recorded at the group's cost to acquire the portfolio.

#### g) *Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment in value. Depreciation is provided on all tangible fixed assets on a straight-line basis in order to write off the cost of each asset over its expected useful economic life. The rates used per annum are as follows:

Motor vehicles	4 years
Office equipment	4 years
Computers	3 years
Fixtures and fittings	5 years
Computer software	3 years
Short leasehold property	3 years

#### h) *Investments*

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

#### i) *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.

#### j) *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 overseas operations are translated at the closing rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are dealt with through reserves. All other exchange differences are included in the profit and loss account.

## Notes to the Financial Statements (continued)

### 2 Turnover

Turnover is attributable to the group's continuing operations as follows:

	2000 £
Collections	6,952,275
	<u>6,952,275</u>

### 3 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2000 £
Staff costs (including directors) – see note 5 below	1,701,890
Auditors' remuneration	
- audit work	77,000
- non-audit work	52,890
Depreciation	392,167
Amortisation of goodwill	55,265
Loss on disposal of fixed assets	14,650
Operating lease rentals - land and buildings	<u>196,666</u>

### 4 Tax on ordinary activities

	2000 £
UK corporation tax	-
French corporation tax	<u>149,621</u>

### 5 Information regarding directors and employees

a) The average monthly number of employees (including directors) was:

	2000 Number
Administration	18
Collections	50
	<u>68</u>

## Notes to the Financial Statements (continued)

### *b) Staff costs (including directors)*

	2000 £
Salaries	1,506,432
Social security	149,532
Pension contributions	45,926
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	1,701,890

## **5 Information regarding directors and employees (continued)**

### *c) Directors' remuneration*

The remuneration of the directors was as follows:

	2000 £
Services as directors	411,323
Pension contributions	10,321
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	421,644

### *d) Highest paid director*

The above amounts for remuneration include the following in respect of the highest paid director.

	2000 £
Services as director	175,323
Pension contributions	1,561
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	176,884

## **6 Profit attributable to Cabot Financial Debt Recovery Services Limited**

The profit for the financial period dealt with in the financial statements of the parent company, Cabot Financial Debt Recovery Services Limited was £101,067. As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of Cabot Financial Debt Recovery Services Limited.

## Notes to the Financial Statements (continued)

### 7 Intangible fixed assets - goodwill

	Total £
<b>Cost</b>	
At 29 February 2000	-
Additions	1,658,379
At 31 December 2000	<u>1,658,379</u>
<b>Amortisation</b>	
At 29 February 2000	-
Charge for the period	55,265
At 31 December 2000	<u>55,265</u>
<b>Net book value</b>	
At 31 December 2000	<u>1,603,114</u>

### 8 Tangible fixed assets

Group	Motor vehicles £	Office Equipment £	Computer hardware/ software £	Furniture and fittings £	Leasehold Property £	Total £
<b>Cost</b>						
At 29 February 2000	-	-	-	-	-	-
Acquisition of subsidiary undertaking	14,650	236,950	306,115	181,599	175,963	915,277
Additions	-	142,940	108,528	10,223	-	261,691
Disposals	(14,650)	-	-	-	-	(14,650)
At 31 December 2000	<u>-</u>	<u>379,890</u>	<u>414,643</u>	<u>191,822</u>	<u>175,963</u>	<u>1,162,318</u>
<b>Depreciation</b>						
At 29 February 2000	-	-	-	-	-	-
Charge for the period	-	88,968	153,803	38,214	111,182	392,167
At 31 December 2000	<u>-</u>	<u>88,968</u>	<u>153,803</u>	<u>38,214</u>	<u>111,182</u>	<u>392,167</u>
<b>Net book value</b>						
At 31 December 2000	<u>-</u>	<u>290,922</u>	<u>260,840</u>	<u>153,608</u>	<u>64,781</u>	<u>770,151</u>

## Notes to the Financial Statements (continued)

### 9 Fixed asset investments

#### *Principal group investments*

The parent company and the group have investments in the following subsidiary undertakings which principally affected the losses or net liabilities of the group.

<i>Subsidiary undertakings</i>	Date of acquisition	Country of incorporation and operation or principal business address	Principal activity	Ordinary shares held	%
Cabot Financial (Europe) Limited	27 April 2000	England	Collection of UK consumer debt	£175,000	100
Kings Hill (No. 1) Limited	27 April 2000	England	UK consumer debt purchase & recovery	£1	100
Cabot Financial (Europe) SAS	27 April 2000	France	French consumer debt purchase & recovery	FRF 250,000	100
Kings Hill Capital Ltd	30 August 2000	England	UK consumer debt purchase and recovery	£1	100
Morley Limited	30 August 2000	England	Trustee of portfolio of unsecured loans	£2	100
Morley Funding Limited	30 August 2000	England	Administration of portfolio of unsecured loans	£2	100

#### *Acquisition of subsidiary undertakings*

On 27 April 2000 Cabot Financial Debt Recovery Services Limited acquired the above holdings of Cabot Financial (Europe) Limited, Cabot Financial Services (Europe) SAS and Kings Hill (No.1) Limited for a total consideration of £22,195 of which £22,193 was in respect of Cabot Financial Services (Europe) SAS and £1 each was in respect of Cabot Financial (Europe) Limited and Kings Hill (No. 1) Limited.

## Notes to the Financial Statements (continued)

### 9 Fixed asset investments (continued)

The following table sets out book values of the identifiable assets and liabilities for the material subsidiaries acquired. The book value of the companies represents the fair value to the group.

	Cabot Financial (Europe) Limited £	Kings Hill (No. Limited £	Cabot Services (Europe) SAS £	Accounting policy adjustment £	Fair value to group £
<b>Fixed assets</b>					
Tangible	915,277	-	-	-	915,277
<b>Current assets</b>					
Unrecovered loan cost	179,776	7,611,838	1,120,636	165,484	9,077,734
Debtors	184,942	347,386	190,274	-	722,602
Investments	-	-	-	-	-
Cash	156,061	7,100	92,565	-	255,726
<b>Total assets</b>	<u>1,436,056</u>	<u>7,966,324</u>	<u>1,403,475</u>	<u>165,484</u>	<u>10,971,339</u>
<b>Creditors</b>					
Loans	(1,674,411)	(8,332,222)	(1,848,424)	-	(11,855,057)
Trade creditors	(98,649)	(7,858)	(22,308)	-	(128,815)
Other creditors	(347,321)	-	(74,707)	-	(422,028)
Accruals	(186,276)	(5,420)	(8,931)	-	(200,627)
<b>Total liabilities</b>	<u>(2,306,657)</u>	<u>(8,345,500)</u>	<u>(1,954,370)</u>	<u>-</u>	<u>(12,606,527)</u>
<b>Net assets</b>	<u>(870,601)</u>	<u>(379,176)</u>	<u>(550,895)</u>	<u>165,484</u>	<u>(1,635,188)</u>
Goodwill					1,657,383
					<u>22,195</u>
<b>Satisfied by</b>					
Cash paid					<u>22,195</u>
Net cash outflows in respect of the above acquisitions comprised:					£
Cash consideration					(22,195)
Cash at bank and in hand acquired					<u>255,726</u>
					<u>233,531</u>



## Notes to the Financial Statements (continued)

### 9 Fixed asset investments (continued)

Cabot Financial (Europe) Limited incurred a loss after taxation of £2,453,196 in the year ended 31 December 2000 of which £740,392 arose in the period from 1 January 2000 to 26 April 2000. The summarised profit and loss account for the period from 1 January 2000 to 26 April 2000 is shown in the table below.

Kings Hill (No. 1) Limited incurred a loss after taxation of £1,258,734 in the year ended 31 December 2000 of which £42,071 arose in the period from 1 January 2000 to 26 April 2000. The summarised profit and loss account for the period from 1 January 2000 to 26 April 2000 is shown in the table below.

Cabot Services (Europe) SAS incurred a loss after taxation of £346,734 in the year ended 31 December 2000 of which £287,450 arose in the period from 1 January 2000 to 26 April 2000. The summarised profit and loss account for the period from 1 January 2000 to 26 April 2000, of Cabot Services (Europe) SAS prior to the acquisition is shown in the table below.

	Cabot Financial (Europe) Limited £	Kings Hill (No. 1) Limited £	Cabot Services (Europe) S.A.S. £
<b>Profit and loss account</b>			
<b>Turnover</b>	860,140	1,583,363	556,466
Recovered loan cost	(125,739)	(1,242,295)	(701,489)
<b>Gross profit /(loss)</b>	734,401	341,068	(145,023)
Administrative expenses	(1,444,470)	(10,187)	(114,857)
Other income	98,342	-	-
<b>Operating profit /(loss)</b>	(611,727)	330,881	(259,880)
Interest payable and similar charges	(128,665)	(372,952)	(27,570)
<b>Loss on ordinary activities before taxation</b>	(740,392)	(42,071)	(287,450)
Tax on loss on ordinary activities	-	-	-
<b>Loss for the financial period</b>	(740,392)	(42,071)	(287,450)

In addition to the above, the group acquired two ordinary shares in Kings Hill Capital Limited on 30 August 2000 for a total cash consideration of £1,000 representing 100% of the share capital of the group. The net assets of the group on the date of acquisition were £4 representing the fair value to Cabot Financial Debt Recovery Services Limited. Goodwill recognised on acquisition was £996.

## Notes to the Financial Statements (continued)

### 10 Debtors

	Group 2000 £	Company 2000 £
Amounts falling due within one year:		
Loans to subsidiary undertakings	-	14,474,069
Other debtors and prepayments	637,203	-
	<u>637,203</u>	<u>14,474,069</u>

### 11 Creditors: Amounts falling due within one year

	Group 2000 £	Company 2000 £
Bank loans and overdrafts	2,500,000	-
Trade creditors	43,812	-
Taxation	149,621	-
Loans from group companies	18,785,971	17,642,995
Other creditors	215,795	212,176
Accruals and deferred income	440,764	1,500
	<u>22,135,963</u>	<u>17,856,671</u>

Loans from group companies represent loans from Cabot Financial Holdings Limited and are unsecured and carry interest at either 4% or Libor plus 3%. The loans are repayable within one year.

### 12 Creditors: Amounts falling due after one year

	Group 2000 £	Company 2000 £
Bank loans and overdrafts	<u>2,800,000</u>	<u>-</u>

The group has granted a fixed charge over certain loan assets including all cash flows, net of servicing charges, received from those assets together with a floating charge over the assets of Kings Hill No 1 Limited to secure a bank loan of £5,300,000 during the period. The loan is repayable within 2 years and carries interest at Libor plus 2%.

## Notes to the Financial Statements (continued)

### 13 Called-up share capital

	2000 £
<i>Authorised</i>	
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>
<i>Allotted, called-up and fully-paid</i>	
924,001 ordinary shares of £1 each	<u>924,001</u>

During the period the company allotted 924,000 Ordinary Shares of £1 each to Cabot Financial Holdings Limited for cash consideration of £924,000.

### 14 Profit and loss account

Group	Group £	Company £
At 29 February 2000	-	-
Retained (loss) and profit for the period	<u>(3,030,244)</u>	<u>101,067</u>
At 31 December 2000	<u>(3,030,244)</u>	<u>101,067</u>

### 15 Reconciliation of movements in shareholders' funds

	Group 2000 £	Company 2000 £
(Loss)/profit for the financial period	(3,030,244)	101,067
New shares issued	<u>924,001</u>	<u>924,001</u>
Net addition to shareholders' funds	<u>(2,106,243)</u>	<u>1,025,068</u>
Opening shareholders' funds	-	-
Closing shareholders' funds	<u>(2,106,243)</u>	<u>1,025,068</u>

## Notes to the Financial Statements (continued)

### 16 Reconciliation of operating loss to operating cash flows

	2000 £
Operating loss	(1,608,044)
Depreciation charges	392,167
Amortisation of goodwill	55,265
Loss on sale of tangible fixed assets	14,650
Increase in debtors	(392,167)
Increase in creditors	137,502
Increase in unrecovered loan cost outflow	(6,084,054)
<b>Net cash outflow from operating activities</b>	<b>(7,432,557)</b>

### 17 Analysis of cash flows

	2000 £
<i>Returns on investments and servicing of finance</i>	
Interest received	16,554
Interest paid	(1,052,288)
<b>Net cash outflow</b>	<b>(1,035,734)</b>
<i>Taxation</i>	
UK corporation tax paid	-
French corporation tax paid	-
<b>Net cash outflow</b>	<b>-</b>
<i>Capital expenditure and financial investment</i>	
Purchase of tangible fixed assets	(261,691)
<b>Net cash outflow</b>	<b>(261,691)</b>
<i>Acquisitions and disposals</i>	
Purchase of subsidiary undertakings	(23,195)
Net cash acquired with subsidiary undertakings	255,726
<b>Net cash inflow</b>	<b>232,531</b>

Companies acquired in the period contributed £7,923,817 to the group's net operating cash flows, paid £41,425 in respect of net returns on investment and servicing of finance, paid £nil in respect of taxation and utilised £261,291 for capital expenditure.

## Notes to the Financial Statements (continued)

### Financing

Issue of ordinary share capital	924,001
Bank loans	5,300,000
Other loans	6,930,914

<b>Net cash inflow</b>	<b>13,154,915</b>
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Companies acquired in the period contributed £7,923,817 to the group's net operating cash flows, paid £41,425 in respect of net returns on investment and servicing of finance, paid £nil in respect of taxation and utilised £261,291 for capital expenditure.

### 18 Other income

	2000 £
Administrative fees from	
- Morley Funding Limited	1,610,000
- Morley Limited	8,000
Cabot Financial (Europe) Ltd recharges to Platform Group	96,179
<b>Net cash outflow</b>	<b>1,714,179</b>

### 19 Analysis and reconciliation of net debt

	29 February 2000 £	Cashflow £	Acquisitions and disposals* £	31 December 2000 £
Cash at bank and in hand	-	4,657,464	-	4,657,464
Debt due within 1 year	-	(9,430,914)	(11,855,057)	(21,285,971)
Debt due after more than 1 year	-	(2,800,000)	-	(2,800,000)
<b>Net debt</b>	<b>-</b>	<b>(7,573,450)</b>	<b>(11,855,057)</b>	<b>(19,428,507)</b>

\* Excluding cash and overdrafts.

	2000 £
Increase in cash in the period	4,657,464
Cash inflow from increase in debt	(12,230,914)
Change in net debt resulting from cash flows	(7,573,450)
Loans acquired with subsidiary undertakings	(11,855,057)
Movement in net debt in the period	(19,428,507)
Net debt at 29 February 2000	-
Net debt at 31 December 2000	(19,428,507)

## Notes to the Financial Statements (continued)

### 20 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2000	
	Land and buildings	
	Group	Company
	£	£
Expiry date		
- within one year	-	-
- between two and five years	-	-
- after five years	203,936	-
	<u>203,936</u>	<u>-</u>

Leases of land and buildings are typically subject to rent reviews at specified intervals and provide for the lessee to pay all insurance, maintenance and repair costs.

### 21 Ultimate parent company and related party transactions

Cabot Financial Debt Recovery Services Limited was a wholly owned subsidiary of Cabot Financial Holdings Limited until 27 December 2000 and its results are included in the consolidated financial statements of Cabot Financial Holdings Limited until that date. Consequently, the company has taken advantage of the exemption under the terms of Financial Reporting Standard No. 8 from disclosing related party transactions with entities that are part of the Cabot Financial Holdings Limited group for the period 27 April 2000 to 27 December 2000.

There were no material transactions with the Cabot Financial Holdings group between 27 December 2000 and 31 December 2000. Loans held at 31 December 2000 from Cabot Financial Holdings Limited were £18,785,971.

On 27 December 2000 the entire share capital of Cabot Financial Debt Recovery Services Limited was acquired by Platform Group Holdings Limited from Cabot Financial Holdings Limited for £924,001.

The company's ultimate parent company is CS Structured Credit Fund Limited, a company incorporated in the Cayman Islands. Cabot Financial Debt Recovery Services Limited is the smallest group in which the results are consolidated.