ARTHUR ANDERSEN

Cabot Financial Holdings Limited

(formerly Paddockmarsh Limited)

Financial statements 31 December 2000
together with directors' and auditors' reports

Registered number: 3936396

Directors' report

For the year ended 31 December 2000

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report, for the year ended 31 December 2000.

Principal activities

The principal activities of the group are the origination of, investment in and servicing of residential mortgage loan portfolios and the investment in and servicing of non-performing consumer loan portfolios.

The subsidiary and associated undertakings principally affecting the profits or net assets of the group in the year are listed in note 13 to the financial statements.

The company was incorporated and registered in England and Wales under the Companies Act 1985 as a Limited Liability Company on 29 February 2000. On 14 April 2000 the company changed its name from Paddockmarsh Limited to Cabot Financial Holdings Limited. The company commenced activity on 27 April 2000.

Business combinations

On 27 April 2000 the company acquired the entire share capital of Cabot Consumer Services Limited for consideration comprising the issue of 5,000,000 ordinary shares of £1 each in the company.

The combination of Cabot Financial Holdings Limited and the Cabot Consumer Services Limited group has been accounted for as a merger in accordance with the group reconstruction provisions of Financial Reporting Standard 6 "Acquisitions and Mergers". Consequently, although Cabot Financial Holdings Limited was not incorporated until 29 February 2000 and the combination did not take place until 27 April 2000, the group financial statements are presented as if the merged companies had always been part of the same group. Accordingly, the results and cash flows of Cabot Financial Holdings Limited and the Cabot Consumer Services Limited group for all of the year ended 31 December 2000 are shown in the consolidated profit and loss account and the consolidated cash flow statement. The comparative figures for the period ended 31 December 1999 reflect the comparable results and cash flows for that period.

On 27 April 2000 the company acquired the entire share capital of Cabot Financial Debt Recovery Services Limited for cash consideration.

The combination of Cabot Financial Holdings Limited and the Cabot Financial Debt Recovery Services Limited group has been accounted for as an acquisition.

On 27 December 2000 the company sold the entire share capital of Cabot Financial Debt Recovery Services Limited to Platform Group Holdings Limited for cash consideration of £924,001.

Business review

Both the level of business during the year and the financial position of the group at the end of the year were satisfactory.

Results and dividend

The audited financial statements are set out on pages 5 to 31. The consolidated profit and loss account for the year is set out on page 5. No dividend was paid during the year and the directors do not recommend the payment of a dividend.

Directors and their interests

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

James R. Clark	(appointed 7 April 2000)
CCSL Services No. 1 Limited	(appointed 7 April 2000)
Glen Paul Crawford	(appointed 28 June 2000)
Richard Terrell Langstaff	(appointed 27 April 2000, resigned 15 June 2000)
Martin Edgar Richards	(appointed 29 February 2000, resigned 7 April 2000)
Matthew Robert Layton	(appointed 29 February 2000, resigned 7 April 2000)
Ken Maynard	(appointed alternate director 20 December 2000, revoked 2 February 2001)

The directors do not have any interests required to be disclosed under Schedule 7 of the Companies Act 1985.

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 and group 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.

Charitable and political donations

During the year the group made charitable donations of £776. There were no political donations.

Post balance sheet events

In January 2001 Cabot Financial Debt Recovery Services Limited repaid the loan shown in other debtors in the company balance sheet at 31 December 2000. The proceeds have been used to repay part of the loan from the ultimate parent company. On 1 February 2001 the company carried out a reduction in share capital by way of a share cancellation. The courts approved a reduction in both the authorised and issued share capital of £13,492,878. The current authorised share capital is now £31,507,122 and the issued share capital is £8,764,288.

After the financial statements have been approved by the directors, the company intends to change its name to Platform Group Holdings Limited. The company currently known as Platform Group Holdings Limited will be renamed Cabot Financial Holdings Limited.

Auditors

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

Exchange Tower
2 Harbour Exchange Square
London
E14 9FR

By order of the Board,

James R. Clark

Director

2 February 2001

ARTHURANDERSEN

To the Shareholders of Cabot Financial Holdings Limited:

We have audited the financial statements on pages 5 to 31 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 to 12.

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.

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 the group's profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen.

Arthur Andersen
Chartered Accountants and Registered Auditors

1 Surrey Street
London
WC2R 2PS
2 February 2001

Consolidated profit and loss account

For the year ended 31 December 2000

	Notes	Existing operations 2000 £'000	Discontinued operations 2000 £'000	Total 2000 £'000	Period from 25 February 1999 to 31 December 1999 £'000
Turnover	2	27,096	6,952	34,048	6,038
Cost of sales	4	(13,063)	(5,437)	(18,500)	(2,135)
Gross profit		14,033	1,515	15,548	3,903
Administrative expenses		(9,601)	(4,852)	(14,453)	(5,381)
Net (loss)/profit from securitised portfolios	14	(110)	-	(110)	80
Other operating income		18	1,576	1,594	203
Operating profit/(loss)		4,340	(1,761)	2,579	(1,195)
Profit on sale of discontinued operations	13			3,029	-
Other interest receivable and similar income	5			234	149
Profit/(loss) on ordinary activities before taxation	6			5,842	(1,046)
Tax on profit/(loss) on ordinary activities	9			(1,754)	(15)
Profit/(loss) on ordinary activities after taxation				4,088	(1,061)
Retained profit/(loss) for the year/period	22,23			4,088	(1,061)

A reconciliation of movement in shareholders' funds is given in note 23.

There are no recognised gains or losses in the year or the preceding period other than the result.

The result for the period ended 31 December 1999 is in respect of existing operations.

The accompanying notes are an integral part of these financial statements.

Consolidated balance sheet

31 December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Tangible assets	11	343	748
Intangible assets	12	(239)	(303)
		104	445
Current assets			
Securitised assets	14	422,119	313,626
Non-recourse finance	14	(400,611)	(295,678)
Investments in securitisation related securities	15	21,508	17,948
Debtors			
- due within one year	16	44,062	39,461
- due after one year	16	118,526	112,826
Cash at bank and in hand		6,759	7,923
		190,865	178,158
Creditors: Amounts falling due within one year	18	(157,971)	(160,411)
Net current assets		32,884	17,747
Total assets less current liabilities		32,988	18,192
Creditors: Amounts falling due after more than one year	19	(7,673)	(14,222)
		25,315	3,970
Provisions for liabilities and charges	20	(31)	(31)
Net assets		25,284	3,939
Capital and reserves			
Called-up share capital	21	22,257	5,000
Profit and loss account	22	3,027	(1,061)
Shareholders' funds – all equity	23	25,284	3,939
Total capital employed		25,284	3,939

The accompanying notes are an integral part of these financial statements.

Company balance sheet

31 December 2000

	Notes	2000 £'000
Fixed assets		
Investments	13	5,000
Current assets		
Debtors – due within one year	16	22,624
Cash at bank and in hand		1,313
		23,937
Creditors: Amounts falling due within one year	18	(6,031)
Net current assets		17,906
Total assets less current liabilities		22,906
Capital and reserves		
Called-up share capital	21	22,257
Profit and loss account	22	649
Shareholders' funds – all equity	23	22,906

These financial statements were approved by the board of directors on 2 February 2001 and were signed on its behalf by:

James R Clark
Director

The accompanying notes are an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 31 December 2000

	Notes	Year ended 31 December 2000 £'000	Period from 25 February 1999 to 31 December 1999 £'000
Net cash inflow from operating activities	26	1,992	18
Returns on investments and servicing of finance	27	208	60
Taxation	27	(576)	(45)
Capital expenditure and financial investment	27	(2,271)	(149,099)
Acquisitions and disposals	27	(3,500)	2,040
Cash outflow before management of liquid resources and financing		(4,147)	(147,026)
Management of liquid resources		-	-
Financing	27	2,986	154,994
(Decrease) / increase in cash in the year / period	28	(1,161)	7,968

The accompanying notes are an integral part of these financial statements.

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently in dealing with items which are considered material in relation to the financial statements.

a) Basis of preparation

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

b) Basis of consolidation

The group financial statements consolidate the financial statements of Cabot Financial Holdings Limited and its subsidiary undertakings drawn up to 31 December.

The combination of Cabot Financial Holdings and the Cabot Consumer Services Limited group has been accounted for as a merger in accordance with the group reconstruction provisions of Financial Reporting Standard 6 "Acquisitions and Mergers". Consequently, although Cabot Financial Holdings Limited was not incorporated until 29 February 2000 and the combination did not take place until 27 April 2000, the group financial statements are presented as if the merged companies had always been part of the same group. Accordingly, the results and cash flows of Cabot Financial Holdings Limited and the Cabot Consumer Services Limited group for all of the year ended 31 December 2000 are shown in the consolidated profit and loss account and the consolidated cash flow statement. The comparative figures for the period ended 31 December 1999 reflect the comparable results and cash flows for that period.

The combination of Cabot Financial Holdings Limited and the Cabot Financial Debt Recovery Services Limited group has been accounted for as an acquisition as the entire share capital of Cabot Financial Debt Recovery Services Limited was acquired for cash consideration.

Refer to note 13 for further details of these business combinations.

c) Comparatives

Prior period comparatives are for the period from 25 February 1999 to 31 December 1999, as Cabot Consumer Services Limited was incorporated on 25 February 1999.

d) Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is twenty years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit. Negative goodwill is being written back over a period of five years on a straight line basis.

1 Accounting policies (continued)

e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provisions for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value on each asset on a straight line basis over their estimated useful lives as follows:

Fixtures, fittings and office equipment	-	3 to 5 years
Computer hardware and software	-	3 years
Short leasehold property	-	3 years

f) Fixed asset investments

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

g) Investments in securitisation related securities

Investments in securitisation related securities are initially stated at the lower of cost and net realisable value. Income from these investments is recognised on a constant yield basis.

h) Loan portfolios

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

i) Income recognition on consumer 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.

j) Mortgage loans

Mortgage loans are stated at cost less provision for impairment.

k) Premium on acquisition of mortgage portfolios

The premium on acquisition of the mortgage portfolio is amortised through the profit and loss account over the expected life of the underlying mortgage assets to give a constant rate on the carrying amount.

l) Other mortgage loan debit charges

These balances represent certain mortgage related charges payable by the mortgage account holders which are capitalised.

1 Accounting policies (continued)

m) Deferred consideration

Under the terms of the agreement for the purchase of certain mortgage loans the group has a liability for deferred consideration. This has been estimated and shown as a liability. Changes to the estimate of the liability are reflected as corresponding changes to the premium on acquisition of the mortgage portfolio.

n) Leases and hire purchase contracts

Assets leased to the group under finance leases or hire purchase contracts are capitalised as tangible fixed assets and are depreciated over the shorter of the lease term and their useful lives. The capital elements of outstanding future lease obligations payable are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of return on the carrying amount. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

o) Debt

Debt is initially stated at the amount of the net proceeds after deduction of the issue costs. The carrying amount is increased by the finance costs in respect of the accounting period and reduced by payments made in the period.

Finance costs of debt are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

p) Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting profit or loss recognised at that time.

q) Turnover

Turnover comprises interest and related fees receivable on mortgage loans held by the group, profit on sale of mortgage loans, income from investments in securitisation related securities, amounts collected on consumer loan portfolios and servicing fees received for providing mortgage and consumer loan portfolio administrative services to third parties.

r) Post-retirement benefits

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

1 Accounting policies (continued)

s) Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without replacement.

It is policy for group companies to pay for group relief claimed.

t) Foreign exchange

Transactions in foreign currencies are recorded at the rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange ruling at the balance sheet date. The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date.

All exchange differences are taken to the profit and loss account.

u) Linked presentation

The group has securitised certain mortgage assets on a non-recourse basis. In accordance with the requirements of Financial Reporting Standard 5 "Reporting the Substance of Transactions", these assets are disclosed on the face of the balance sheet, with the non-recourse finance raised deducted from them.

2 Turnover

	2000	Period ended 31 December 1999
	£'000	£'000
Mortgage interest and related fees receivable	19,113	5,308
Profit on sale of mortgage loans	512	-
Income from investment in securitisation related securities	4,829	-
Collections from consumer loan portfolios	6,952	-
Servicing fees receivable	2,642	730
	34,048	6,038

3 Segmental reporting

Analysis by business class	2000 Turnover £'000	2000 Profit before tax Before goodwill £'000	2000 Profit before tax After goodwill £'000	2000 Net Assets £'000
Residential mortgage loan related – existing operations	27,096	4,493	4,557	25,284
Consumer loan related – discontinued operations	6,952	1,340	1,285	-
	34,048	5,833	5,842	25,284

For the period ended 31 December 1999, all of the turnover, loss before taxation and net assets relate to existing operations.

4 Cost of sales

	2000 £'000	Period ended 31 December 1999 £'000
Secured bank loan facility interest payable	12,607	1,910
Recovered loan cost	5,417	-
Interest on loan from parent undertaking	359	-
Amortisation of premium on acquisition of mortgage portfolio	117	225
	18,500	2,135

5 Other interest receivable and similar income

	2000 £'000	Period ended 31 December 1999 £'000
Interest receivable	234	149

Notes to financial statements (continued)

6 Profit/(loss) on ordinary activities before taxation

Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting):

	2000 £'000	Period ended 31 December 1999 £'000
Auditors' remuneration:		
- Audit services	187	71
- Other services	193	35
Depreciation of tangible fixed assets:		
- Owned	895	118
- Hire purchase assets	42	10
Loss on disposal of fixed assets	15	-
Hire of other assets – operating lease rentals	45	15
Land and buildings operating leases	197	-
Amortisation of goodwill	55	-
Write back of negative goodwill	(64)	(16)

7 Staff numbers and costs

The average number of persons employed by the group during the year (including executive directors) was 165 (1999: 84).

The aggregate payroll costs of these persons were as follows:

	2000 £'000	Period ended 31 December 1999 £'000
Wages and salaries	4,701	757
Social security costs	492	80
Other pension costs	225	41
	5,418	878

8 Directors' remuneration

The remuneration of the directors was as follows:

	2000 £'000	Period ended 31 December 1999 £'000
Emoluments	281	-
Group contributions to money purchase pension schemes	4	-
	285	-

8 Directors' remuneration (continued)

Pensions

The number of directors who were members of pension schemes were as follows:

	2000 Number	1999 Number
Money purchase scheme	2	-

Highest-paid director

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

	2000 £'000	Period ended 31 December 1999 £'000
Emoluments	195	-
Group contributions to money purchase schemes	1	-
	196	-

9 Tax on profit / (loss) on ordinary activities

	Group	
	2000 £'000	Period ended 31 December 1999 £'000
The tax charge comprises:		
UK corporation tax at 30% (1999: 30%)	1,605	15
French corporation tax at 36.66% (1999: N/A)	149	-
	1,754	15

The group has not recognised a deferred tax asset of £224,866 (1999 : £221,216) arising on accelerated capital allowances which are unlikely to reverse in the foreseeable future.

10 Profit attributable to Cabot Financial Holdings Limited

The profit for the financial period dealt with in the accounts of the parent company, Cabot Financial Holdings Limited, is £649,000. As permitted by Section 230 of the Companies Act 1985, no separate profit and loss account is presented in respect of the parent company.

11 Tangible fixed assets - group

	Computer hardware and software £'000	Fixtures, equipment and vehicles £'000	Short Leasehold property £'000	Total £'000
Cost				
At 1 January 2000	498	377	-	875
Acquisition of subsidiary undertakings	306	433	176	915
Purchases	228	175	-	403
Disposal of subsidiary undertakings	(415)	(571)	(176)	(1,162)
Disposals	(2)	(23)	-	(25)
At 31 December 2000	615	391	-	1,006
Depreciation				
At 1 January 2000	65	62	-	127
Charge for the year	455	371	111	937
Disposal of subsidiary undertakings	(154)	(127)	(111)	(392)
Disposals	-	(9)	-	(9)
At 31 December 2000	366	297	-	663
Net book value				
At 31 December 2000	249	94	-	343
At 1 January 2000	433	315	-	748

Tangible fixed assets include computer equipment under hire purchase which has a net book value of £6,932 (1999: £48,529).

12 Intangible fixed assets – goodwill

	Positive Goodwill £'000	Negative goodwill £'000	Total £'000
Cost			
At 1January 2000	-	(319)	(319)
Additions	1,657	-	1,657
Disposals	(1,657)	-	(1,657)
At 31 December 2000	-	(319)	(319)
Amortisation			
At 1January 2000	-	16	16
Charge to the year	(55)	-	(55)
Negative goodwill written back	-	64	64
Disposals	55	-	55
At 31 December 2000	-	80	80
Net book value			
At 31 December 2000	-	(239)	(239)
At 1 January 2000	-	(303)	(303)

13 Fixed asset investments

Principal group investments

The group has investments in the following subsidiary undertakings.

Subsidiary undertakings	*Country of incorporation*	*Principal activity*	*Holding*	*%*
Cabot Consumer Services Limited	United Kingdom	Holding Company	£ 5,000,000	100.0
Platform Funding Limited	United Kingdom	Mortgage Origination	£ 1	100.0
Platform Funding No. 2 Limited	United Kingdom	Finance Company	£ 2	100.0
Platform Funding No. 3 Limited	United Kingdom	Finance Company	£ 2	100.0
Platform Funding No. 4 Limited	United Kingdom	Mortgage Origination	£ 1	100.0
Platform Funding No. 5 Limited	United Kingdom	Mortgage Origination	£ 1	100.0
Platform Funding No. 6 Limited	United Kingdom	Finance Company	£ 1	100.0
Platform Home Loans Limited	United Kingdom	Mortgage Origination and Servicing	£ 1,000,000	100.0
The Money Store Sterling No. 1 Plc	United Kingdom	Mortgage Securitisation Company	£ 49,900	99.8
CCSL Services No.1 Limited	United Kingdom	Dormant	£ 2	100.0
CCSL Services No.2 Limited	United Kingdom	Dormant	£ 2	100.0
TSN Options Limited	United Kingdom	Dormant	£ 2	100.0

Cabot Consumer Services Limited is the only direct subsidiary of Cabot Financial Holdings Limited.

13 Fixed asset investments (continued)

Principal group investments (continued)

Platform Home Loans No. 1 Plc and Platform Home Loans No. 2 Plc, both incorporated in the United Kingdom, are regarded as quasi-subsidiaries of the company. Further details are given in note 14.

Subsidiary undertakings

	Company £'000
Cost	
At 1 January 2000	-
Additions	5,924
Disposals	(924)
At 31 December 2000	5,000

Acquisition and disposal of subsidiary undertakings

On 27 April 2000 the company acquired the entire share capital of Cabot Consumer Services Limited for consideration comprising the issue of 5,000,000 ordinary shares of £1 each in the company. The subsidiary undertakings acquired via the purchase of the Cabot Consumer Services Limited group are shown above. In accordance with Sections 131 and 133 of the Companies Act 1985, the company has taken no account of any premium on the shares issued and has recorded the cost of the investment at the nominal value of the shares issued. The combination of Cabot Financial Holdings Limited and the Cabot Consumer Services Limited group has been accounted for as a merger.

The Cabot Consumer Services Limited group made a profit before taxation of £498,000 in the period from 1 January 2000 to 26 April 2000 and a loss before taxation of £1,061,000 in the period from 25 February 1999 (the date of incorporation of Cabot Consumer Services Limited) to 31 December 1999.

On 27 April 2000 the company acquired the entire share capital of Cabot Financial Debt Recovery Services Limited for cash consideration. The fair value of the total consideration paid by the group for the Cabot Financial Debt Recovery Services Limited group was £22,196. The combination of the group and Cabot Financial Debt Recovery Services Limited has been accounted for as an acquisition.

Notes to financial statements (continued)

13 Fixed asset investments (continued)

Acquisition and disposal of subsidiary undertakings (continued)

The aggregate of the net liabilities of the subsidiaries acquired, via the purchase of the Cabot Financial Debt Recovery Services Limited group, was £1,635,000 as at the date of acquisition. The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group:

	Cabot Financial Debt Recovery Services Limited group £'000
Fixed assets	
Tangible	915
Current assets	
Unrecovered loan costs	9,078
Debtors	722
Cash	256
Total assets	10,971
Liabilities	
Trade creditors	(128)
Other creditors	(423)
Accruals	(200)
Loans	(11,855)
Total liabilities	(12,606)
Net liabilities	(1,635)
Goodwill	1,657
	22
Satisfied by	
Cash	22

Net cash inflows in respect of the acquisition comprised:

	£'000
Cash consideration	(22)
Cash at bank and in hand acquired	256
	234

13 Fixed asset investments (continued)

Acquisition and disposal of subsidiary undertakings (continued)

The group headed by Cabot Financial Debt Recovery Services Limited made a loss after taxation of £3,029,000 in the period ended 31 December 2000, of which £1,070,000 arose in the period from 1 January 2000 to 26 April 2000. The summarised profit and loss account and statement of total recognised gains and losses for the period from 1 January 2000 to 26 April 2000 shown on the basis of the accounting policies of Cabot Financial Debt Recovery Services Limited prior to the acquisition, are as follows:

Profit and loss account	£'000
Turnover	2,999
Recovered loan cost	(2,069)
Gross profit	930
Administrative expenses	(1,569)
Interest payable	(529)
Other income	98
Operating Loss	(1,070)
Loss on ordinary activities before taxation	(1,070)
Tax on loss on ordinary activities	-
Loss on ordinary activities after taxation	(1,070)

Statement of total recognised gains and losses	
Loss for the financial period	(1,070)
Total recognised gains and losses relating to the period	(1,070)

13 Fixed asset investments (continued)

Acquisition and disposal of subsidiary undertakings (continued)

On 27 December 2000 the company sold the entire share capital of Cabot Financial Debt Recovery Services Limited to Platform Home Group Holdings Limited for cash consideration of £924,001.

Net assets disposed of and the related sale proceeds were as follows:

	£'000
Fixed assets	
Tangible assets	770
Current assets	
Unrecovered loan costs	15,162
Debtors	639
Cash	4,658
Creditors: amounts falling due within one year	(22,136)
Net current liabilities	(1,677)
Total assets less current liabilities	(907)
Creditors: amounts falling due after more than one year	(2,800)
Net liabilities	(3,707)
Related goodwill	1,602
Profit on sale	3,029
Sale proceeds	924
Satisfied by	
Cash	924

14 Securitised portfolios

i) Net profit on securitised portfolios

	Group	
		Period ended 31 December
	2000	1999
	£'000	£'000
Mortgage interest receivable	28,825	7,143
Interest payable and similar charges	(26,892)	(5,836)
Administrative expenses	(3,621)	(1,235)
Other interest receivable and similar income	1,578	42
(Loss) / profit on ordinary activities before taxation	(110)	114
Tax on (loss) / profit on ordinary activities	-	(34)
(Loss) / profit on ordinary activities after taxation and retained (loss) / profit for the year / period	(110)	80

ii) Securitised assets and non-recourse finance

	Group	
	2000	1999
	£'000	£'000
Securitised assets		
- Mortgage portfolio	394,456	300,776
- Cash reserves	27,207	12,395
- Other assets	456	455
	422,119	313,626
Non-recourse finance		
- Floating rate notes	396,964	293,493
- Other liabilities	3,647	2,185
	400,611	295,678

During 1999 the group headed by Cabot Consumer Services Limited acquired £315 million of residential mortgage assets which it then sold to a special purpose vehicle, Platform Home Loans No.1 Plc. This entity subsequently funded the purchase by issuing bonds secured on its assets. The group has no interest in the share capital of Platform Home Loans No. 1 Plc. The share capital of Platform Home Loans No. 1 Plc is owned by Platform Home Loans Holdings Limited and Capita IRG Trustees Limited.

When Platform Home Loans No.1 Plc has met all of its operational expenses and obligations to redeem the notes, the group is entitled to receive any surplus generated from the mortgages. The amount of this surplus received during the year and the preceding period amounted to approximately £ nil.

14 Securitised assets and non-recourse finance (continued)

During the year the group headed by Cabot Consumer Services Limited sold £206 million of residential mortgage assets to a special purpose vehicle, Platform Home Loans No. 2 Plc. This entity funded the purchase by issuing bonds secured on its assets. The group has no interest in the share capital of Platform Home Loans No. 2 Plc. The share capital of Platform Home Loans No. 2 Plc is owned by Platform Home Loans Holdings No.2 Limited and Capita IRG Trustees Limited.

When Platform Home Loans No. 2 Plc has met all of its operational expenses and obligations to redeem the notes, the group is entitled to receive any surplus generated from the mortgages. The amount of this surplus received during the period amounted to approximately £nil.

The directors confirm that the group is not obliged to support the losses of the securitisations beyond the amount of the finance it has provided nor does it intend to do so. The providers of the external non-recourse finance have agreed, in writing that they will seek repayment of the finance, as to both interest and principal, only from proceeds of the underlying securitised assets and will not seek recourse in any other form.

The terms of each of the transactions entered into meet the conditions for disclosure using linked presentation as specified in Financial Reporting Standard 5 "Reporting the substance of transactions".

The terms of the Floating Rate Notes are given in the financial statements of Platform Home Loans No. 1 Plc and Platform Home Loans No. 2 Plc.

15 Investments in securitisation related securities

	Group	
	2000	1999
	£'000	£'000
Securitisation related securities	21,508	17,948

The group has invested in certain securitisation related debt securities issued by Platform Home Loans No.1 Plc and Platform Home Loans No. 2 Plc.

Notes to financial statements (continued)

16 Debtors

	Group		Company
	2000 £'000	1999 £'000	2000 £'000
Amounts falling due within one year:			
Mortgage loans (note 17)	20,545	36,393	-
Premium on acquisition of mortgage portfolio	-	484	-
Trade debtors	412	200	-
Amounts owed by group undertakings	-	-	3,604
Other debtors	22,739	2,159	19,020
Prepayments and accrued income	366	225	-
	44,062	39,461	22,624
Amounts falling due after more than one year:			
Mortgage loans (note 17)	118,526	111,592	-
Premium on acquisition of mortgage portfolio	-	1,234	-
	118,526	112,826	-

17 Mortgage loans

	Group	
	2000 £'000	1999 £'000
Cost		
At start of year/period	148,590	-
Mortgage loans acquired and advanced	268,028	473,517
Mortgage loans sold	(255,471)	(314,512)
Other mortgage loan debit charges	16,126	4,850
Repayments	(14,699)	(3,535)
Redemptions	(22,613)	(11,730)
At 31 December 2000	139,961	148,590
Bad debt provision	(890)	(605)
At 31 December 2000	139,071	147,985

Notes to financial statements (continued)

18 Creditors: Amounts falling due within one year

	Group		Company
	2000 £'000	1999 £'000	2000 £'000
Floating rate notes			
- Principal	2,642	4,675	-
- Issue costs	(33)	(97)	-
- Unamortised discount on loan note issue	(2)	(6)	-
	2,607	4,572	-
Bank overdrafts	42	45	-
Secured bank facilities	145,839	148,817	-
Loan due to parent company	5,577	4,081	5,577
Trade creditors	309	993	45
Taxation and social security	1,068	39	366
Other creditors	246	237	-
Accruals and deferred income	2,283	938	43
Deferred consideration payable	-	689	-
	157,971	160,411	6,031

The group has granted a floating charge on its assets to secure bank loans of £145,839,000 (1999: £148,817,000).

19 Creditors: Amounts falling due after more than one year

	Group		Company
	2000 £'000	1999 £'000	2000 £'000
Floating rate notes			
- Principal	7,674	12,397	-
- Issue costs	(97)	(128)	-
- Unamortised discount on loan note issue	(6)	(8)	-
	7,571	12,261	-
Other creditors	102	135	-
Deferred consideration payable	-	1,826	-
	7,673	14,222	-

The floating rate notes are secured by a charge over mortgages of £10,999,000 (1999: £16,637,000).

20 Provisions for liabilities and charges

	Group leasehold property dilapidations provisions £'000
At 1 January 2000 and 31 December 2000	31

21 Called up share capital

	2000 £'000	1999 £'000
Authorised		
45,000,000 Ordinary shares of £1 each	45,000	
Allotted, called-up and fully-paid		
Ordinary shares of £1 each	22,257	5,000

The allotted share capital shown as at 31 December 1999 relates to 5,000,000 ordinary shares with nominal value of £1 each that the company issued on 27 April 2000 in connection with the acquisition of Cabot Consumer Services Limited. In return for the shares issued, the company received consideration of 5,000,000 ordinary shares of £1 each in Cabot Consumer Services Limited. The combination of the company and Cabot Consumer Services Limited has been accounted for as a merger.

During the year the company issued a further 17,257,166 ordinary shares of nominal value £1 each. In return for the issue of 11,333,165 of these ordinary shares the ultimate parent company discharged a loan of £11,333,165 due to it from Cabot Consumer Services Limited.

22 Profit and loss account

	Group		Company
	2000 £'000	1999 £'000	2000 £'000
At beginning of year / period	(1,061)	-	-
Retained profit / (loss) for the year / period	4,088	(1,061)	649
At 31 December	3,027	(1,061)	649

23 Reconciliation of movement in shareholders' funds

	Group		Company
	2000 £'000	1999 £'000	2000 £'000
At beginning of year / period	3,939	-	-
Ordinary share capital to be issued	-	5,000	-
Issue of ordinary share capital	17,257	-	22,257
Retained profit / (loss) for the year / period	4,088	(1,061)	649
At 31 December	25,284	3,939	22,906

24 Commitments

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

	Group 2000		Group 1999	
	Buildings £'000	Other £'000	Buildings £'000	Other £'000
Operating leases which expire:				
Within one year	-	8	-	24
In the second to fifth years inclusive	591	70	126	48
At 31 December 2000	591	78	126	72

25 Contingent liabilities

The company has adopted an exit bonus scheme for key employees. Under the terms of this scheme, payments will be made in the event of a sale of the company to a third party. It is not practical to quantify the amount payable under this scheme as it is dependent on the consideration received for the transaction.

In December 2000 the ultimate parent company of the group began discussions with a third party with a view to a potential sale.

26 Reconciliation of operating profit/(loss) to operating cash flows

	2000 £'000	Period ended 31 December 1999 £'000
Operating profit/(loss)	2,579	(1,195)
Depreciation charges	937	128
Loss on sale of tangible fixed assets	15	2
Profit on purchase of deferred consideration	(349)	-
Amortised issue costs	1,119	86
Amortised bond discount	291	11
Provision for losses on mortgage assets	2,222	1,498
Amortisation of goodwill	55	-
Negative goodwill written back	(64)	(16)
Amortised premium on acquisition of mortgage portfolios	2,479	627
Increase in other assets	(1,763)	(2,241)
Increase in other creditors	555	1,118
Increase in unrecovered loan costs	(6,084)	-
Net cash inflow from operating activities	1,992	18

27 Analysis of cash flows

	2000 £'000	Period ended 31 December 1999 £'000
Returns on investments and servicing of finance		
Interest received	230	60
Debt issue costs	(22)	-
Net cash inflow	208	60
Taxation		
UK corporation tax paid	(576)	(45)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(403)	(771)
Sale of tangible fixed assets	1	-
Purchase of securitisation related securities	(4,539)	(17,868)
Net origination and acquisition of mortgage loans	8,629	(430,588)
Loan to Cabot Financial Debt Recovery Services Limited	(522)	-
Net cash flows relating to securitisation	(5,437)	300,128
Net cash outflow	(2,271)	(149,099)
Acquisitions and disposals		
Purchase of subsidiary undertakings	(22)	(202)
Cash balances acquired with subsidiary undertakings	256	2,242
Disposal of subsidiary undertakings	924	-
Cash balance released on disposal of subsidiary undertakings	(4,658)	-
Net cash flow	(3,500)	2,040
Financing		
Issue of ordinary share capital	5,924	5,000
Movement in loan from parent company	1,496	4,081
Net decrease in floating rate notes by issue	(6,756)	(2,904)
Net increase in secured bank loan facilities	2,322	148,817
Net cash inflow	2,986	154,994

Notes to financial statements (continued)

28 Analysis and reconciliation of net debt

	1 January 2000 £'000	Cash flow £'000	31 December 2000 £'000
Cash in hand, at bank	7,923	(1,164)	6,759
Overdrafts	(45)	3	(42)
	7,878	(1,161)	6,717
Debt due within 1 year	(157,380)	3,357	(154,023)
Debt due after 1 year	(12,261)	4,690	(7,571)
	(169,641)	8,047	(161,594)
Net debt	(161,763)	6,886	(154,877)

	2000 £'000	1999 £'000
(Decrease) / increase in cash in the year / period	(1,161)	7,968
Cash flow from decrease / (increase) in debt	8,047	(149,994)
Change in net debt resulting from cash flows	6,886	(142,026)
Debt acquired with subsidiary undertakings	-	(19,737)
Movement in net debt in year / period	6,886	(161,763)
Net debt at start of year / period	(161,763)	-
Net debt at end of year / period	(154,877)	(161,763)

29 Related party disclosures

	2000 £'000	1999 £'000
CS Structured Credit Fund Limited		
- Interest charged in year / period	359	81
- Loan at 31 December (including accrued interest)	5,577	4,081
Cabot Financial Debt Recovery Services Limited group		
- Interest charged in year / period	1,269	-
- Loan at 31 December (including accrued interest)	19,001	-

30 Financial instruments

The group's financial instruments comprise principally of amounts due from mortgages and various tranches of loan notes. Cash, accrued interest income, accrued interest payable and other items arise directly from the company's operations.

It is, and has been throughout the year, the group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the group's financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and these are summarised below.

a) Interest rate risk

The group finances its operations through the issue of floating rate loan notes. At the year end, the group's borrowings were predominantly at floating rates based on three-month LIBOR plus a margin.

The group's assets principally earn interest based on three-month LIBOR plus a margin. Of the mortgage loans as at year end 4% earn interest at a fixed rate.

The group has entered into an interest rate cap to provide a hedge against the interest rate risk arising on the fixed rate mortgages within Platform Home Loans No. 1 Plc and has also entered into an interest rate swaption to provide a hedge against the interest rate risk arising in the fluctuations in interest rates between the mortgage interest fixing date and the bond interest fixing date within Platform Home Loans No. 2 Plc.

b) Liquidity risk

Funding has been obtained through the issue of floating rate loan notes. The group has in place a borrowing facility to ensure that sufficient liquidity is maintained to meet its obligations on the floating rate notes.

c) Maturity of financial assets and liabilities

The maturity profile of the group's financial assets at 31 December was as follows:

	2000 £'000	1999 £'000
In one year or less, or on demand	217,481	132,921
In more than one year but not more than two years	97,235	83,999
In more than two years but not more than five years	233,931	150,863
In more than five years	42,923	106,498
	591,570	474,281

30 Financial instruments (continued)

The maturity profile of the company's financial liabilities at 31 December was as follows:

	2000 £'000	1999 £'000
In one year or less, or on demand	297,324	245,275
In more than one year but not more than two years	83,377	51,650
In more than two years but not more than five years	135,563	102,071
In more than five years	50,022	71,346
	566,286	470,342

The maturity profile of the group's financial assets and liabilities is an estimate, loans may be repaid at different times at the option of the borrower.

d) Fair values

The carrying amount of financial assets and liabilities approximates to their fair value.

31 Post balance sheet events

In January 2001 Cabot Financial Debt Recovery Services Limited repaid the loan shown in other debtors in the company balance sheet at 31 December 2000. The proceeds have been used to repay part of the loan from the ultimate parent company. On 1 February 2001 the company carried out a reduction in share capital by way of a share cancellation. The courts approved a reduction in both the authorised and issued share capital of £13,492,878. The current authorised share capital is now £31,507,122 and the issued share capital is £8,764,288.

After the financial statements have been approved by the directors, the company intends to change its name to Platform Group Holdings Limited. The company currently known as Platform Group Holdings Limited will be renamed Cabot Financial Holdings Limited.

32 Ultimate parent company

The company is a wholly owned subsidiary of CS Structured Credit Fund Limited, which is the company's immediate and ultimate parent company and is incorporated in the Cayman Islands.