

**Company Registration No. 04618038**

**Marlin Financial Services Limited**

**Annual Report and Financial Statements**

**31 December 2007**

**TUESDAY**



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# **Marlin Financial Services Limited**

## **Annual report and financial statements 2007**

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# **Marlin Financial Services Limited**

## **Officers and professional advisers**

### **Directors**

M Dunphy  
D J Page

### **Secretary**

T Khan

### **Registered Office**

The Courtyard  
Shoreham Road  
Upper Beeding  
Steyning  
West Sussex  
BN44 3TN

### **Bankers**

Barclays Bank Plc  
Chapel Road  
Worthing  
West Sussex  
BN11 1EY

### **Independent auditors**

Deloitte LLP  
Chartered Accountants  
Crawley  
United Kingdom

# **Marlin Financial Services Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2007.

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 activity**

The principal activity of the company is that of debt recovery.

### **Directors**

The directors who served throughout the year were as follows:

M Dunphy  
D J Page

### **Independent auditors and statement of provision of information to the independent auditors**

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

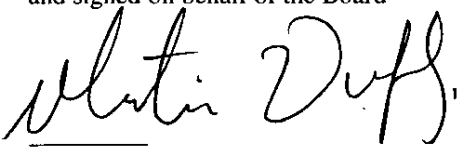
- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish 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 were appointed as auditors of the company during the year, to replace Russell New, and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



M Dunphy  
Director

Paul 10. 2009

## **Marlin Financial Services Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities (Financial Reporting Standard for Smaller Entities (effective January 2007) and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; 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 Marlin Financial Services Limited**

We have audited the financial statements of Marlin Financial Services Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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 judgments 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 December 2007 and of its profit 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 UK LLP*

**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
Crawley, United Kingdom

*10 MARCH* 2009

# **Marlin Financial Services Limited**

## **Profit and loss account** **Year ended 31 December 2007**

	Note	2007 £	2006 £
<b>Turnover</b>		2,787,285	1,983,885
Cost of sales		(638,149)	(519,880)
<b>Gross profit</b>		2,149,136	1,464,005
Administrative expenses		(1,942,580)	(1,230,580)
Other operating income		-	19,267
<b>Operating profit</b>	2	206,556	252,692
Other interest receivable and similar income		363	1,837
Interest payable and similar charges		-	(1,149)
<b>Profit on ordinary activities before taxation</b>		206,919	253,380
Tax on profit on ordinary activities	3	-	-
<b>Profit on ordinary activities after taxation for the financial year</b>	9	206,919	253,380

# Marlin Financial Services Limited

## Balance sheet 31 December 2007

		2007	As restated (see note 1) 2006
	Note	£	£
<b>Fixed assets</b>			
Tangible assets	4	76,646	67,707
<b>Current assets</b>			
Debtors	5	1,588,673	610,742
Cash at bank and in hand - unrestricted	6	672	165,828
- restricted	6	431,062	312,900
		431,734	478,728
		2,020,407	1,089,470
<b>Creditors: amounts falling due within one year</b>	7	(1,298,395)	(565,438)
<b>Net current assets</b>		722,012	524,032
<b>Total assets less current liabilities</b>		798,658	591,739
<b>Net assets</b>		798,658	591,739
<b>Capital and reserves</b>			
Called up share capital	8	1,000	1,000
Share premium		249,600	249,600
Profit and loss account	9	548,058	341,139
<b>Total shareholders' funds</b>		798,658	591,739

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

These financial statements were approved by the Board of Directors on *March 10* 2009.

Signed on behalf of the Board of Directors



M Dunphy  
Director



# **Marlin Financial Services Limited**

## **Notes to the accounts**

### **For the year ended 31 December 2007**

#### **1. Accounting policies**

The financial statements are prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007). The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding financial year.

##### **Accounting convention**

The financial statements are prepared under the historical cost convention.

##### **Going concern**

The Directors believe that the company is well placed to manage its business risks successfully despite the current economic outlook.

The risk of reductions in the amount collected on servicing agreements can be mitigated by the flexibility in the current cost base and the introduction of new income generating capabilities.

The Directors have a reasonable expectation that the company has 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.

##### **Turnover**

Turnover represents invoiced sales of commission services, excluding value added tax.

##### **Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery	20% straight line
Fixtures and fittings	Straight line over 7 years
Computer equipment	20% straight line

##### **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 substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

# Marlin Financial Services Limited

## Notes to the accounts

### For the year ended 31 December 2007

#### 1. Accounting policies (continued)

##### Leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### Pensions

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

##### Comparatives

Cash at bank of £165,828 has been reclassified as restricted cash for consistency with the current year. These funds can only be used as directed by the relevant servicing agreement. This reclassification has no impact on profit.

Amounts owed to group undertakings have been reclassified from trade debtors of £509,522. This reclassification has no impact on profit.

Amounts owed to group undertakings have been reclassified from trade creditors of £9,300. This reclassification has no impact on profit.

#### 2. Operating profit

	2007 £	2006 £
<b>Operating profit is stated after charging:</b>		
Depreciation and amortisation:		
Owned assets	7,318	16,349
Leased assets	17,495	7,650
Loss on disposal of tangible assets	-	1,463
Pension costs	53,675	44,970
Directors' emoluments and other benefits	159,570	-
Fees payable to the Company's auditors for the audit of the annual accounts	24,305	4,000

#### 3. Tax on profit on ordinary activities

##### (a) Tax on profit on ordinary activities

	2007 £	2006 £
<b>Current tax</b>		
United Kingdom corporation tax at 30% (2006 – 30%) based on the profit for the period	-	-

# Marlin Financial Services Limited

## Notes to the accounts For the year ended 31 December 2007

### 4. Tangible fixed assets

	Plant and machinery £	Fixtures, and fittings £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2007	46,641	12,648	62,310	121,599
Additions	330	475	32,866	33,671
At 31 December 2007	46,971	13,123	95,176	155,270
<b>Accumulated depreciation</b>				
At 1 January 2007	19,021	3,952	30,919	53,892
Charge for the year	8,550	1,709	14,473	24,732
At 31 December 2007	27,571	5,661	45,392	78,624
<b>Net book value</b>				
At 31 December 2007	19,400	7,462	49,784	76,646
At 31 December 2006	27,620	8,696	31,391	67,707

The net book value of plant and machinery at 31 December 2007 includes £nil (2006 - £17,495) in respect of assets held under finance leases.

### 5. Debtors

	2007 £	As restated (see note 1) 2006 £
Trade debtors	516,915	33,505
Amounts owed by group undertakings	888,741	517,055
Other debtors	120,514	17,434
Prepayments and accrued income	62,503	42,748
	1,588,673	610,742

### 6. Cash at bank and in hand

The Company is responsible for ensuring that all funds in the collections account are distributed in accordance with the relevant servicing agreement. These funds have therefore been classified as restricted. Where these amounts are to be paid over to third party lenders there are corresponding liabilities within other creditors. Where the amounts are due to group companies the creditors have been included within amounts owed to group undertakings.

# Marlin Financial Services Limited

## Notes to the accounts

For the year ended 31 December 2007

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

	2007	As restated (see note 1) 2006
	£	£
Bank loans and overdrafts	131,744	-
Trade creditors	487,679	164,732
Net obligations under finance leases	-	6,802
Amounts owed to group undertakings	139,428	9,300
Other creditors	395,076	312,901
Other taxes and social security	32,977	22,428
Accruals and deferred income	111,491	49,275
	<u>1,298,395</u>	<u>565,438</u>

### 8. Called up share capital

	2007	2006
	£	£
<b>Authorised:</b>		
1,000 (2006 – 1,000) ordinary shares of £1 each	1,000	1,000
1,000 (2006 – 1,000) preferred shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid:</b>		
610 (2006 – 610) ordinary share of £1 each	610	610
390 (2006 - 390) preferred shares of £1 each	<u>390</u>	<u>390</u>

Both classes of share have equal rights and obligations to the company. The sole additional right for holders of preferred shares is to receive the return of their capital in priority to the company making any other distributions or dividend payments.

### 9. Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2007	341,139
Retained profit for the year	<u>206,919</u>
Balance at 31 December 2007	<u>548,058</u>

# Marlin Financial Services Limited

## Notes to the accounts

### For the year ended 31 December 2007

#### 10. Financial commitments

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings 2007 £</b>	<b>Land and buildings 2006 £</b>
<b>Leases which expire:</b>		
Within two to five years	44,000	5,812
After five years	-	44,000
	<u>44,000</u>	<u>49,812</u>

#### 11. Contingent liabilities

All debts of the company are secured by a charge over the company held by Barclays Bank plc.

#### 12. Share based payments

A share based payment arrangement has been established for certain senior employees of the company under the terms of a Black Tip Capital Holdings Limited shareholders agreement. Under the scheme on 19th Oct, 200,815 shares have been issued to 4 employees for nominal consideration. These employees are required to remain in the service of the company for 3 years in order for these shares to become unencumbered. If the employees leave the service of the company during this period the shares will be repurchased by Black Tip Capital Holdings Limited for nominal consideration.

#### 13. Control and ultimate parent company

The ultimate parent company until 19 October 2006 was Marlin Integrated Capital Holding Corp, a company incorporated in the USA. On this date the company was sold to Black Tip Capital Holdings Limited. From 19 October 2006 the ultimate parent company has been Ascot Management Group Limited.

The ultimate controlling party is Helen Dunphy who is the sole shareholder in Ascot Management Group Limited.

# Marlin Financial Services Limited

## Notes to the accounts

### For the year ended 31 December 2007

#### 14. Related party disclosures

Set out below is a summary of related party transactions. All such transactions are contracted on an arms length basis.

Number	Transaction	Related party
1	During the period to 6 <sup>th</sup> October 2006 the company made sales of £1,069,088 to Marlin Integrated Capital Holding Corp, its then ultimate parent company. At 31 December 2006 £145 was still outstanding. On 6 October 2006 the Company ceased to be a subsidiary of Marlin Integrated Capital Holding Corp and it was not a related party for the year ended 31 December 2007.	Marlin Integrated Capital Holding Corp
2	<p>The company made sales in respect of collection services of £1,519,334 (2006 - £358,072) of which £113,901 (2006 - £104,162) was outstanding at the balance sheet date and is shown under debtors.</p> <p>There were also commission charges totalling £27,771 (2006 - £nil) relating to recharged commission on loan 2. This balance was settled during the year.</p> <p>The company was due £2,228 (2006 - £nil) from MCE Portfolio Limited in respect of a VAT refund.</p>	MCE Portfolio Limited, a subsidiary of Black Tip Capital Holdings Limited
3	<p>The company charged commission fees of £335,483 (2006 - £123,282). At the year end £179,214 (2006 - £96,678) was outstanding at the balance sheet date and is shown under debtors.</p> <p>The company paid expenses on behalf of MFS Portfolio Limited relating to due diligence research of £583, which were outstanding at year end and included within trade debtors.</p>	MFS Portfolio Limited, a subsidiary of Black Tip Capital Holdings Limited
4	<p>The company billed commission charges totalling £73,510 during the year (2006 - £19,974). At the balance sheet an amount of £82,192 (2006 - £13,387) was outstanding and shown in debtors.</p> <p>The company were recharged expenses of £1,222 (2006 - £4,705). This balance outstanding at the balance sheet date and is included in creditors.</p> <p>Marlin Capital Europe Limited charged management fees to the company of £149,056 during the year (2006 - £57,811). At the balance sheet date an amount of £35,324 (2006 - £9,320) was outstanding and shown in Creditors</p> <p>The company held a restricted cash balance totalling £89,727 (2006- £nil) relating to collections on Marlin Capital Europe Limited owned portfolios. This balance was outstanding at year end and is shown within creditors.</p>	Marlin Capital Europe Limited, a subsidiary of Black Tip Capital Holdings Limited

## Marlin Financial Services Limited

### Notes to the accounts

#### For the year ended 31 December 2007

##### 14. Related party disclosures (continued)

Number	Transaction	Related party
5	<p>The company charged management fees of £300,000 (2006 - £300,000) of which £400,000 (2006 - £300,000) was outstanding at the balance sheet date.</p> <p>The company incurred expenses on behalf of the company totalling £690 (2006 £nil), which was still outstanding at year end and is included within debtors.</p>	Black Tip Capital Holdings Limited
6	<p>The company incurred labour costs of £63,604 (2006 - £nil). There was also legal income recovered on behalf of Marlin Legal Services Limited totalling £11,376 (2006 - £nil). This balance of £52,228 (2006 - £nil) was outstanding at the year end, and is included within debtors.</p> <p>There was also £30,189 (2006 - £nil) due to the company relating to restricted cash received by Marlin Legal Services Limited. This balance has been included within debtors and under other creditors.</p>	Marlin Legal Services Ltd, a subsidiary of Black Tip Capital Holdings Limited
7	<p>The company received cash for Marlin Europe II Ltd regarding residual income on owned portfolios totalling £8,991 (2006 - nil), however this was outstanding at year end and is included within creditors.</p> <p>The company held a restricted cash balance totalling £3,964 (2006 - £nil), relating to collections on Marlin Europe II Limited owned portfolios. This balance was outstanding at year end and is shown within creditors.</p>	Marlin Europe II Limited, a subsidiary of Black Tip Capital Holdings Limited