

Company Registration No. 05754978

Cabot Credit Management Limited

**Annual Report and Financial Statements
For the year ended 31 December 2016**

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Cabot Credit Management Limited

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Cabot Credit Management Limited

Officers and professional advisors

The officers and professional advisors of the Company at the date of this report are as follows:

Directors

K Stannard
C Buick

Secretary

C Taggart

Auditors

BDO LLP
Chartered Accountants and Statutory Auditor
55 Baker Street
London
W1U 7EU

Bankers

National Westminster Bank PLC
City of London Office
PO BOX 12258
1 Princess Street
London
EC2R 8PA

Registered office

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

Cabot Credit Management Limited

Strategic Report For the year ended 31 December 2016

Overview

The Directors present the Strategic Report, Directors' Report and the financial statements of Cabot Credit Management (the "Company") for the year ended 31 December 2016.

The Company's principal activity is that of a holding company including a direct investment in the Cabot Financial Limited Group (the "Group"). The Company's financial position is therefore partly dependent on the financial condition of the rest of the Cabot Financial Limited Group.

Business review and results

The following tables summarises the key performance indicators used by the Directors to assess the performance of the Company as of the dates and periods indicated.

(£ in thousands, except for percentages)			
	2016 £000	2015 £000	Change %
Profit for the period	487	1,701	-61

Principal risks and uncertainties

The Company is exposed through its operations to the following financial risks:

- Cash flow and credit risk;
- Going concern and liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This section describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this section.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables; and
- Loans and borrowings.

A summary of the financial instruments held by category is provided below:

Financial assets

(£000)	Cash and receivables	
	2016	2015
Cash and cash equivalents	122	122
Trade and other receivables (note 8)	33,634	31,440
Total financial assets	33,756	31,562

Cabot Credit Management Limited

Strategic Report For the year ended 31 December 2016

Principal risks and uncertainties (continued)

Principal financial instruments (continued)

Financial liabilities

(£000)	Financial liabilities at amortised cost	
	2016	2015
Trade and other payables (note 9)	30,142	28,532
Borrowings (note 10)	48,768	48,670
Total financial liabilities	78,910	77,202

Cash flow and credit risk

The Company is an indirect parent of the Cabot Financial Limited Group and therefore its financial risk management objectives and policies are intrinsically linked to those of the Cabot Financial Limited Group.

Going concern and liquidity risk

The Company's core business is that of a holding company. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Cabot Financial Limited Group.

The Group to which the Company belongs has long-term debt financing through Senior Secured Loan notes totalling £1,040.6 million (2015: £917.7 million). The first tranche of these notes is due for repayment in August 2020. The Group has a revolving credit facility of £250.0 million for funding working capital requirements and portfolio purchases as required. At 31 December 2016 £27.0 million had been drawn on this facility (2015: £36.5 million). This facility is secured until September 2019.

The assets of the Group have been pledged as security for the Senior Secured Loan Notes and the senior secured revolving credit facility. The Group has remained compliant during the year to 31 December 2016 with all the covenants contained in the notes issued and senior credit facility.

Management have reviewed the forecast performance models and funding availability including consideration of appropriate sensitivities and have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, it is considered appropriate to continue to adopt the going concern basis in preparing the annual report and accounts.

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

C Buick
Director

28 June 2017

Cabot Credit Management Limited

Directors' report for the year ended 31 December 2016

The Directors present their report for the year ended 31 December 2016.

Results and dividends

The audited financial statements and related notes for the year ended 31 December 2016 are set out on pages 8 to 17. The Company's result for the year after taxation was a profit of £0.5 million (2015: £1.7 million).

The Directors do not recommend payment of a dividend (2015: £nil).

Directors

The Directors who held office during the year and up to the date of approval of the financial statements were as follows:

- K Stannard
- C Buick

Qualifying third party indemnity provisions

The Company has arranged qualifying third party indemnity for all of its Directors.

Political donations

The Company made no political contributions (2015: £nil).

Future developments

There are no significant future developments affecting the Company anticipated at the date of signing this report.

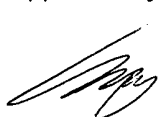
Directors' statement as to disclosure of information to auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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



C Buick
Director

28 June 2017

Cabot Credit Management Limited

Statement of Directors' responsibilities for the year ended 31 December 2016

The Directors are responsible for preparing the Strategic Report, Directors' 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 prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditor's report to the members of Cabot Credit Management Limited

We have audited the financial statements of Cabot Credit Management Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Cabot Credit Management Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Daniel Taylor (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor
55 Baker Street
London

28 June

2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Cabot Credit Management Limited

Statement of comprehensive income For the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Administration income		10	551
Operating profit	0	10	551
Finance income	4	1,393	1,364
Finance expense	5	(1,344)	(1,392)
Profit on ordinary activities before taxation		59	523
Tax credit	6	428	1,178
Profit after tax and total comprehensive income for the financial period		487	1,701

All of the above results are derived from continuing operations.

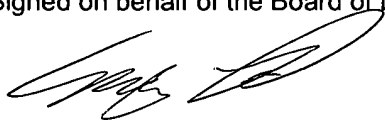
Cabot Credit Management Limited

Statement of financial position As at 31 December 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Investments	7	137,105	137,105
		<u>137,105</u>	<u>137,105</u>
Current assets			
Trade and other receivables	0	33,634	31,440
Cash in bank and on hand		122	122
		<u>33,756</u>	<u>31,562</u>
Creditors: amounts falling due within one year			
Trade and other payables	9	(30,141)	(28,532)
Borrowings	10	(48,768)	(48,670)
		<u>(78,909)</u>	<u>(77,202)</u>
Net current liabilities		<u>(45,153)</u>	<u>(45,640)</u>
Total assets less current liabilities		<u>91,952</u>	<u>91,465</u>
Net assets		<u>91,952</u>	<u>91,465</u>
Equity			
Called up share capital	11	322	322
Share premium	12	16	16
Retained earnings		91,614	91,127
Total shareholders' funds		<u>91,952</u>	<u>91,465</u>

These financial statements of Cabot Credit Management Limited, with registered number 05754978, were approved by the Board of Directors and authorised for issue on 28 June 2017.

Signed on behalf of the Board of Directors by:



C Buick
Director

Cabot Credit Management Limited

**Statement of changes in equity
As at 31 December 2016**

	Share Capital	Share Premium	Accumulated earnings	Total
	£000	£000	£000	£000
As at 1 January 2015	322	16	89,426	89,764
<i>Comprehensive income for the period:</i>				
Profit for the period	-	-	1,701	1,701
Total comprehensive income	-	-	1,701	1,701
As at 31 December 2015	322	16	91,127	91,465
<i>Comprehensive income for the period:</i>				
Profit for the period	322	16	91,127	91,465
Other comprehensive income for the period			487	487
Total comprehensive income	-	-	487	487
As at 31 December 2016	322	16	91,614	91,952

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

1. Corporate information

Cabot Credit Management Limited is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is located at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA.

The Company's core business is that of a holding company and is the direct parent undertaking of the Cabot Financial Limited Group.

2. Significant accounting policies

2.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have been prepared under the historical cost convention, except for the revaluation at current value of certain financial assets. These standards have been applied consistently throughout the current and preceding year.

The Company has taken advantage of the following disclosure requirements under FRS 101:

- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements of paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraph 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;

2.2. Going Concern

The Company's core business is that of a holding company with an indirect investment in the Cabot Financial Limited Group. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Cabot Financial Limited Group.

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

2.3. Summary of significant accounting policies

Taxation

The tax credit represents the sum of the tax currently payable and deferred tax. It is recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax

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 year end date.

Current tax assets and liabilities are offset only if certain criteria are met.

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

2.3. Summary of significant accounting policies (continued)

Finance income and costs

Finance income and costs are interest receivable and payable to parent and other Group undertakings.

Investments in subsidiaries

Investments in subsidiaries are recognised at cost less provision for impairment.

Impairment of non-financial assets

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

Financial instruments

Financial assets

Trade and other receivables are classified as loans and receivables and measured at cost less any impairment.

Financial liabilities

Financial liabilities are initially recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, they are carried at amortised cost using the effective interest rate method.

3. Operating profit

Operating profit is stated after charging the following:

	2016 £000	2015 £000
Auditors remuneration for the audit of the company's financial statements	2	2

4. Finance income

	2016 £000	2015 £000
Interest income from parent and other Group undertakings ^(a)	1,393	1,364

^(a) Interest receivable from parent and other Group undertakings is accrued but not paid at a rate of LIBOR plus 4% on trading balances and at a rate of 5% on loans.

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

5. Finance expense

	2016 £000	2015 £000
Interest expense due to parent and other Group undertakings ^(a)	<u>1,344</u>	<u>1,392</u>

^(a) Interest payable to parent and other Group undertakings is accrued but not paid at a rate of LIBOR plus 4% on trading balances and at a rate of 5% on loans.

6. Tax

The income tax expense comprises:

	2016 £000	2015 £000
Current tax		
Corporation tax	<u>(428)</u>	<u>(426)</u>
Total current tax	<u>(428)</u>	<u>(426)</u>
Prior period adjustments	-	(752)
Total income tax credit	<u>(428)</u>	<u>(1,178)</u>

The differences between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the accounting profit are as follows:

	2016 £000	2015 £000
Profit before tax	<u>59</u>	<u>523</u>
Income tax expense calculated at standard UK hybrid corporation tax rate of 20% (2015: 20.25%)	12	106
Effects of:		
Transfer pricing adjustment	(440)	(420)
Adjustment in respect of prior periods	-	(752)
Income not taxable for tax purposes	-	(112)
Total income tax expense credit	<u>(428)</u>	<u>(1,178)</u>

7. Investment in subsidiaries

	Investment in subsidiary undertakings £000
At 1 January and 31 December 2016	<u>137,105</u>

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

7. Investment in subsidiaries (continued)

The principal subsidiary undertakings of the Company are as follows:

Subsidiary undertakings	Country of incorporation and operation	Principal activity	% shares held
Cabot Financial Limited* ⁽¹⁾	Great Britain	Holding company	100
Cabot Credit Management Group Limited* ⁽¹⁾	Great Britain	Holding company	100
Cabot Financial Holdings Group Limited* ⁽¹⁾	Great Britain	Holding company	100
Cabot Financial Debt Recovery Services Limited* ⁽¹⁾	Great Britain	Holding company	100
Cabot Financial (Europe) Limited* ⁽¹⁾	Great Britain	Collection of consumer debt	100
Cabot Financial (UK) Limited* ⁽¹⁾	Great Britain	Purchase and recovery of consumer debt	100
Cabot Financial (Ireland) Limited* ⁽²⁾	Ireland	Collection of consumer debt	100
Cabot Asset Purchases Ireland Limited* ⁽²⁾	Ireland	Provision of recovery services in respect of defaulted consumer loans	100
Cabot Spain SL* ⁽³⁾	Spain	Purchase and recovery of consumer debt	100
Cabot Services (Europe) S.A.S.* ⁽⁴⁾	France	Purchase and recovery of consumer debt	100
Apex Credit Management Limited* ⁽⁵⁾	Great Britain	Collection of consumer debt	100
Cabot Financial (Luxembourg) S.A.* ⁽⁶⁾	Luxembourg	Provision of financing	100
Marlin Financial Group Limited* ⁽⁷⁾	Great Britain	Management of loan portfolios	100
Hillesden Securities Limited* ⁽⁵⁾	Great Britain	Purchase and recovery of consumer debt	100
Mortimer Clarke Solicitors Limited* ⁽⁷⁾	Great Britain	Provision of legal services	100
Gesif S.A.U.* ⁽⁸⁾	Spain	Purchase and recovery of consumer debt	100
Cabot Financial (Luxembourg) II Limited* ⁽⁶⁾	Luxembourg	Provision of financing	100
Cabot Financial (Treasury) Ireland Limited* ⁽²⁾	Ireland	Provision of financing	100
Apex Credit Management Holdings Limited* ⁽⁵⁾	Great Britain	Holding company	100
Apex Collections Limited* ⁽⁵⁾	Great Britain	Servicer of defaulted consumer debt	100
Nemo Recouvrement SAS* ⁽⁹⁾	France	Servicer of defaulted consumer debt	50.1
Lucas et Degand Sarl* ⁽¹⁰⁾	France	Servicer of defaulted consumer debt	50.1
LSF7 Silverstone Sarl* ⁽¹¹⁾	Luxembourg	Management of loan portfolios	100
Propiedades Residenciales SL* ⁽¹²⁾	Spain	Management of loan portfolio assets	100

*Indirect subsidiary undertaking

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

7. Investment in subsidiaries (continued)

The numbers in parentheses indicate the registered office of the companies per the table below:

- ⁽¹⁾ 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA
- ⁽²⁾ Block D, Cookstown Court, Old Belgard Road, Tallaght, Dublin 24, Ireland
- ⁽³⁾ c/o Jones Day – Madrid, Paseo de Recoletos 37-41, 28004 Madrid, Spain
- ⁽⁴⁾ 37 Rue Des Mathurins, 75008 Paris, France
- ⁽⁵⁾ Buckingham Road, Brackley, Northamptonshire, NN13 7DN
- ⁽⁶⁾ Parc d'Activite Syrdall, 6, rue Gabriel Lippman, L-5365 Munsbach, Luxembourg
- ⁽⁷⁾ Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP
- ⁽⁸⁾ Av. Manoteras nº 44, 1º C , 28050 Madrid, Spain
- ⁽⁹⁾ 14 Avenue Barthélémy Thimonnier, 69300 Caluire-Et-Cuire, France
- ⁽¹⁰⁾ Le Colbert, 8 Rue Sainte Barbe, Cs 90457, 13001 Marseille, France
- ⁽¹¹⁾ 33, rue du Puits Romain, Bertrange, LU-LU L-8070, Luxembourg
- ⁽¹²⁾ Avenida de Aragón, 330, 28022 Madrid, Spain

8. Trade and other receivables

	2016	2015
	£000	£000
Loans to parent undertakings	345	328
Amounts owed by parent undertakings	444	422
Amounts owed by other Group undertakings	32,835	30,680
Other receivables	10	10
	<u>33,634</u>	<u>31,440</u>

Loans and amounts due from parent and other Group undertakings are unsecured, have no fixed repayment date, are repayable on demand and interest on such balances is accrued on an arm's length basis. The Company considers that the carrying amounts of the financial assets included above are a reasonable approximation of their fair value due to their short term nature.

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

9. Trade and other payables

	2016 £000	2015 £000
Amounts owed to parent undertakings	55	55
Amounts owed to other Group undertakings	29,303	27,611
Other payables	409	409
Accruals and deferred income	374	457
	<u>30,142</u>	<u>28,532</u>

Interest accrued on amounts owed to parent and other Group undertakings is at an arm's length basis and is accrued, not paid. The Company considers that the carrying amounts of the financial liabilities included above are a reasonable approximation of their fair value due to their short term nature.

10. Borrowings

	2016 £000	2015 £000
Current		
Loans from parent undertakings	48,768	48,670
	<u>48,768</u>	<u>48,670</u>
Total borrowings	<u>48,768</u>	<u>48,670</u>

All borrowings are repayable within one year of the balance sheet date.

11. Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid:		
15,823 A1 ordinary shares of £0.99 each, subscription price £1.00	15	15
1,709 A1 deferred ordinary shares of £0.99 each, subscription price £1.00	2	2
9,494 A2 ordinary shares of £1.65 each, subscription price £1.65	15	15
1,545 A2 deferred ordinary shares of £0.99 each, subscription price £1.00	3	3
18,987 A3 ordinary shares of £0.83 each, subscription price £1.00	16	16
3,091 A3 deferred ordinary shares of £0.83 each, subscription price £0.83	3	3
9,494 A4 ordinary shares of £0.83 each, subscription price £1.00	15	15
1,545 A4 deferred ordinary shares of £1.65 each, subscription price £1.65	3	3
12,657 A5 ordinary shares of £0.83 each, subscription price £1.00	-	-
329 A5 deferred ordinary shares of £1.65 each, subscription price £1.65	-	-
250,000 class B ordinary shares of £1.00 each, subscription price £1.00	250	250
	<u>322</u>	<u>322</u>

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

12. Share premium

	2016 £000	2015 £000
Issue of "A1" ordinary shares	-	-
Issue of "A2" ordinary shares	-	-
Issue of "A3" ordinary shares	4	4
Issue of "A4" ordinary shares	-	-
Issue of "A5" ordinary shares	12	12
	<u>16</u>	<u>16</u>

13. Related party transactions

The Company has taken advantage of the exemption in paragraph 8(k) of FRS 101 not to disclose transactions with Group companies wherein any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that Group.

14. Ultimate parent company

The Company's immediate parent company is Cabot (Group Holdings) Limited, a company incorporated in England and Wales. The Company's ultimate parent company is Encore Capital Group Inc ("Encore"), a company incorporated in Delaware, United States, whose consolidated financial statements are available on their website.

Company Registration No. 05754978

Cabot Credit Management Limited

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Directors

K Stannard
C Buick

Secretary

C Taggart

Auditors

BDO LLP
Chartered Accountants and Statutory Auditor
55 Baker Street
London
W1U 7EU

Bankers

National Westminster Bank PLC
City of London Office
PO BOX 12258
1 Princess Street
London
EC2R 8PA

Registered office

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

Cabot Credit Management Limited

Strategic Report For the year ended 31 December 2016

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Principal risks and uncertainties

The Company is exposed through its operations to the following financial risks:

- Cash flow and credit risk;
- Going concern and liquidity risk.

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Principal financial instruments

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- Trade and other receivables;
- Cash and cash equivalents;
- Trade and other payables; and
- Loans and borrowings.

A summary of the financial instruments held by category is provided below:

Financial assets

			Cash and receivables	
(£000)			2016	2015
Cash and cash equivalents			122	122
Trade and other receivables (note 8)			33,634	31,440
Total financial assets			33,756	31,562

Cabot Credit Management Limited

Strategic Report For the year ended 31 December 2016

Principal risks and uncertainties (continued)

Principal financial instruments (continued)

Financial liabilities

	Financial liabilities at amortised cost	
(£000)	2016	2015
Trade and other payables (note 9)	30,142	28,532
Borrowings (note 10)	48,768	48,670
Total financial liabilities	78,910	77,202

Cash flow and credit risk

The Company is an indirect parent of the Cabot Financial Limited Group and therefore its financial risk management objectives and policies are intrinsically linked to those of the Cabot Financial Limited Group.

Going concern and liquidity risk

The Company's core business is that of a holding company. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Cabot Financial Limited Group.

The Group to which the Company belongs has long-term debt financing through Senior Secured Loan notes totalling £1,040.6 million (2015: £917.7 million). The first tranche of these notes is due for repayment in August 2020. The Group has a revolving credit facility of £250.0 million for funding working capital requirements and portfolio purchases as required. At 31 December 2016 £27.0 million had been drawn on this facility (2015: £36.5 million). This facility is secured until September 2019.

The assets of the Group have been pledged as security for the Senior Secured Loan Notes and the senior secured revolving credit facility. The Group has remained compliant during the year to 31 December 2016 with all the covenants contained in the notes issued and senior credit facility.

Management have reviewed the forecast performance models and funding availability including consideration of appropriate sensitivities and have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Accordingly, it is considered appropriate to continue to adopt the going concern basis in preparing the annual report and accounts.

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


C Buick
Director

28 June 2017

Cabot Credit Management Limited

Directors' report for the year ended 31 December 2016

The Directors present their report for the year ended 31 December 2016.

Results and dividends

The audited financial statements and related notes for the year ended 31 December 2016 are set out on pages 8 to 17. The Company's result for the year after taxation was a profit of £0.5 million (2015: £1.7 million).

The Directors do not recommend payment of a dividend (2015: £nil).

Directors

The Directors who held office during the year and up to the date of approval of the financial statements were as follows:

- K Stannard
- C Buick

Qualifying third party indemnity provisions

The Company has arranged qualifying third party indemnity for all of its Directors.

Political donations

The Company made no political contributions (2015: £nil).

Future developments

There are no significant future developments affecting the Company anticipated at the date of signing this report.

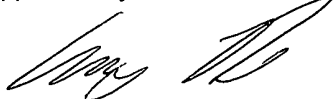
Directors' statement as to disclosure of information to auditors

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

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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



C Buick
Director

28 June 2017

Cabot Credit Management Limited

Statement of Directors' responsibilities for the year ended 31 December 2016

The Directors are responsible for preparing the Strategic Report, Directors' 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 prepared the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed;
- notify the Company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 auditor's report to the members of Cabot Credit Management Limited

We have audited the financial statements of Cabot Credit Management Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Cabot Credit Management Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Daniel Taylor (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor
55 Baker Street
London

28 June 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Cabot Credit Management Limited

Statement of comprehensive income For the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Administration income		10	551
Operating profit	0	<u>10</u>	<u>551</u>
Finance income	4	1,393	1,364
Finance expense	5	(1,344)	(1,392)
Profit on ordinary activities before taxation		<u>59</u>	<u>523</u>
Tax credit	6	428	1,178
Profit after tax and total comprehensive income for the financial period		<u><u>487</u></u>	<u><u>1,701</u></u>

All of the above results are derived from continuing operations.

Cabot Credit Management Limited

Statement of financial position As at 31 December 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Investments	7	137,105	137,105
		<u>137,105</u>	<u>137,105</u>
Current assets			
Trade and other receivables	0	33,634	31,440
Cash in bank and on hand		122	122
		<u>33,756</u>	<u>31,562</u>
Creditors: amounts falling due within one year			
Trade and other payables	9	(30,141)	(28,532)
Borrowings	10	(48,768)	(48,670)
		<u>(78,909)</u>	<u>(77,202)</u>
Net current liabilities		<u>(45,153)</u>	<u>(45,640)</u>
Total assets less current liabilities		<u>91,952</u>	<u>91,465</u>
Net assets		<u>91,952</u>	<u>91,465</u>
Equity			
Called up share capital	11	322	322
Share premium	12	16	16
Retained earnings		91,614	91,127
Total shareholders' funds		<u>91,952</u>	<u>91,465</u>

These financial statements of Cabot Credit Management Limited, with registered number 05754978, were approved by the Board of Directors and authorised for issue on 28 June 2017.

Signed on behalf of the Board of Directors by:


C Buick
Director

Cabot Credit Management Limited

Statement of changes in equity As at 31 December 2016

	Share Capital	Share Premium	Accumulated earnings	Total
	£000	£000	£000	£000
As at 1 January 2015	322	16	89,426	89,764
<i>Comprehensive income for the period:</i>				
Profit for the period	-	-	1,701	1,701
Total comprehensive income	-	-	1,701	1,701
As at 31 December 2015	322	16	91,127	91,465
<i>Comprehensive income for the period:</i>				
Profit for the period	322	16	91,127	91,465
Other comprehensive income for the period			487	487
Total comprehensive income	-	-	487	487
As at 31 December 2016	322	16	91,614	91,952

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

1. Corporate information

Cabot Credit Management Limited is a private company limited by shares incorporated and domiciled in England and Wales. The registered office is located at 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA.

The Company's core business is that of a holding company and is the direct parent undertaking of the Cabot Financial Limited Group.

2. Significant accounting policies

2.1. Basis of preparation

The financial statements of the Company have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). The financial statements have been prepared under the historical cost convention, except for the revaluation at current value of certain financial assets. These standards have been applied consistently throughout the current and preceding year.

The Company has taken advantage of the following disclosure requirements under FRS 101:

- the requirements of IFRS 7 *Financial Instruments: Disclosures*;
- the requirements of paragraph 38 of IAS 1 *Presentation of Financial Statements* to present comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- The requirements of paragraph 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows*;

2.2. Going Concern

The Company's core business is that of a holding company with an indirect investment in the Cabot Financial Limited Group. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Cabot Financial Limited Group.

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

2.3. Summary of significant accounting policies

Taxation

The tax credit represents the sum of the tax currently payable and deferred tax. It is recognised in the statement of comprehensive income except to the extent that it relates to a business combination, or items recognised directly in equity or other comprehensive income.

Current tax

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 year end date.

Current tax assets and liabilities are offset only if certain criteria are met.

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

2.3. Summary of significant accounting policies (continued)

Finance income and costs

Finance income and costs are interest receivable and payable to parent and other Group undertakings.

Investments in subsidiaries

Investments in subsidiaries are recognised at cost less provision for impairment.

Impairment of non-financial assets

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

Financial instruments

Financial assets

Trade and other receivables are classified as loans and receivables and measured at cost less any impairment.

Financial liabilities

Financial liabilities are initially recognised at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Subsequently, they are carried at amortised cost using the effective interest rate method.

3. Operating profit

Operating profit is stated after charging the following:

	2016 £000	2015 £000
Auditors remuneration for the audit of the company's financial statements	2	2

4. Finance income

	2016 £000	2015 £000
Interest income from parent and other Group undertakings ^(a)	1,393	1,364

^(a) Interest receivable from parent and other Group undertakings is accrued but not paid at a rate of LIBOR plus 4% on trading balances and at a rate of 5% on loans.

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

5. Finance expense

	2016 £000	2015 £000
Interest expense due to parent and other Group undertakings ^(a)	<u>1,344</u>	<u>1,392</u>

^(a) Interest payable to parent and other Group undertakings is accrued but not paid at a rate of LIBOR plus 4% on trading balances and at a rate of 5% on loans.

6. Tax

The income tax expense comprises:

	2016 £000	2015 £000
Current tax		
Corporation tax	(428)	(426)
Total current tax	<u>(428)</u>	<u>(426)</u>
Prior period adjustments	-	(752)
Total income tax credit	<u>(428)</u>	<u>(1,178)</u>

The differences between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the accounting profit are as follows:

	2016 £000	2015 £000
Profit before tax	<u>59</u>	<u>523</u>
Income tax expense calculated at standard UK hybrid corporation tax rate of 20% (2015: 20.25%)	12	106
Effects of:		
Transfer pricing adjustment	(440)	(420)
Adjustment in respect of prior periods	-	(752)
Income not taxable for tax purposes	-	(112)
Total income tax expense credit	<u>(428)</u>	<u>(1,178)</u>

7. Investment in subsidiaries

	Investment in subsidiary undertakings £000
At 1 January and 31 December 2016	<u>137,105</u>

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

7. Investment in subsidiaries (continued)

The principal subsidiary undertakings of the Company are as follows:

Subsidiary undertakings	Country of incorporation and operation	Principal activity	% shares held
Cabot Financial Limited* ⁽¹⁾	Great Britain	Holding company	100
Cabot Credit Management Group Limited* ⁽¹⁾	Great Britain	Holding company	100
Cabot Financial Holdings Group Limited* ⁽¹⁾	Great Britain	Holding company	100
Cabot Financial Debt Recovery Services Limited* ⁽¹⁾	Great Britain	Holding company	100
Cabot Financial (Europe) Limited* ⁽¹⁾	Great Britain	Collection of consumer debt	100
Cabot Financial (UK) Limited* ⁽¹⁾	Great Britain	Purchase and recovery of consumer debt	100
Cabot Financial (Ireland) Limited* ⁽²⁾	Ireland	Collection of consumer debt	100
Cabot Asset Purchases Ireland Limited* ⁽²⁾	Ireland	Provision of recovery services in respect of defaulted consumer loans	100
Cabot Spain SL* ⁽³⁾	Spain	Purchase and recovery of consumer debt	100
Cabot Services (Europe) S.A.S.* ⁽⁴⁾	France	Purchase and recovery of consumer debt	100
Apex Credit Management Limited* ⁽⁵⁾	Great Britain	Collection of consumer debt	100
Cabot Financial (Luxembourg) S.A.* ⁽⁶⁾	Luxembourg	Provision of financing	100
Marlin Financial Group Limited* ⁽⁷⁾	Great Britain	Management of loan portfolios	100
Hillesden Securities Limited* ⁽⁵⁾	Great Britain	Purchase and recovery of consumer debt	100
Mortimer Clarke Solicitors Limited* ⁽⁷⁾	Great Britain	Provision of legal services	100
Gesif S.A.U.* ⁽⁸⁾	Spain	Purchase and recovery of consumer debt	100
Cabot Financial (Luxembourg) II Limited* ⁽⁶⁾	Luxembourg	Provision of financing	100
Cabot Financial (Treasury) Ireland Limited ⁽²⁾	Ireland	Provision of financing	100
Apex Credit Management Holdings Limited* ⁽⁵⁾	Great Britain	Holding company	100
Apex Collections Limited* ⁽⁵⁾	Great Britain	Servicer of defaulted consumer debt	100
Nemo Recouvrement SAS* ⁽⁹⁾	France	Servicer of defaulted consumer debt	50.1
Lucas et Degand Sarl* ⁽¹⁰⁾	France	Servicer of defaulted consumer debt	50.1
LSF7 Silverstone Sarl* ⁽¹¹⁾	Luxembourg	Management of loan portfolios	100
Propiedades Resdenciales SL* ⁽¹²⁾	Spain	Management of loan portfolio assets	100

*Indirect subsidiary undertaking

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

7. Investment in subsidiaries (continued)

The numbers in parentheses indicate the registered office of the companies per the table below:

- ⁽¹⁾ 1 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4UA
- ⁽²⁾ Block D, Cookstown Court, Old Belgard Road, Tallaght, Dublin 24, Ireland
- ⁽³⁾ c/o Jones Day – Madrid, Paseo de Recoletos 37-41, 28004 Madrid, Spain
- ⁽⁴⁾ 37 Rue Des Mathurins, 75008 Paris, France
- ⁽⁵⁾ Buckingham Road, Brackley, Northamptonshire, NN13 7DN
- ⁽⁶⁾ Parc d'Activite Syrdall, 6, rue Gabriel Lippman, L-5365 Munsbach, Luxembourg
- ⁽⁷⁾ Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP
- ⁽⁸⁾ Av. Manoteras nº 44, 1º C , 28050 Madrid, Spain
- ⁽⁹⁾ 14 Avenue Barthélémy Thimonnier, 69300 Caluire-Et-Cuire, France
- ⁽¹⁰⁾ Le Colbert, 8 Rue Sainte Barbe, Cs 90457, 13001 Marseille, France
- ⁽¹¹⁾ 33, rue du Puits Romain, Bertrange, LU-LU L-8070, Luxembourg
- ⁽¹²⁾ Avenida de Aragón, 330, 28022 Madrid, Spain

8. Trade and other receivables

	2016	2015
	£000	£000
Loans to parent undertakings	345	328
Amounts owed by parent undertakings	444	422
Amounts owed by other Group undertakings	32,835	30,680
Other receivables	10	10
	<u>33,634</u>	<u>31,440</u>

Loans and amounts due from parent and other Group undertakings are unsecured, have no fixed repayment date, are repayable on demand and interest on such balances is accrued on an arm's length basis. The Company considers that the carrying amounts of the financial assets included above are a reasonable approximation of their fair value due to their short term nature.

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

9. Trade and other payables

	2016 £000	2015 £000
Amounts owed to parent undertakings	55	55
Amounts owed to other Group undertakings	29,303	27,611
Other payables	409	409
Accruals and deferred income	374	457
	<u>30,142</u>	<u>28,532</u>

Interest accrued on amounts owed to parent and other Group undertakings is at an arm's length basis and is accrued, not paid. The Company considers that the carrying amounts of the financial liabilities included above are a reasonable approximation of their fair value due to their short term nature.

10. Borrowings

	2016 £000	2015 £000
Current		
Loans from parent undertakings	48,768	48,670
	<u>48,768</u>	<u>48,670</u>
Total borrowings	<u>48,768</u>	<u>48,670</u>

All borrowings are repayable within one year of the balance sheet date.

11. Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid:		
15,823 A1 ordinary shares of £0.99 each, subscription price £1.00	15	15
1,709 A1 deferred ordinary shares of £0.99 each, subscription price £1.00	2	2
9,494 A2 ordinary shares of £1.65 each, subscription price £1.65	15	15
1,545 A2 deferred ordinary shares of £0.99 each, subscription price £1.00	3	3
18,987 A3 ordinary shares of £0.83 each, subscription price £1.00	16	16
3,091 A3 deferred ordinary shares of £0.83 each, subscription price £0.83	3	3
9,494 A4 ordinary shares of £0.83 each, subscription price £1.00	15	15
1,545 A4 deferred ordinary shares of £1.65 each, subscription price £1.65	3	3
12,657 A5 ordinary shares of £0.83 each, subscription price £1.00	-	-
329 A5 deferred ordinary shares of £1.65 each, subscription price £1.65	-	-
250,000 class B ordinary shares of £1.00 each, subscription price £1.00	250	250
	<u>322</u>	<u>322</u>

Cabot Credit Management Limited

Notes to the financial statements For the year ended 31 December 2016

12. Share premium

	2016 £000	2015 £000
Issue of "A1" ordinary shares	-	-
Issue of "A2" ordinary shares	-	-
Issue of "A3" ordinary shares	4	4
Issue of "A4" ordinary shares	-	-
Issue of "A5" ordinary shares	12	12
	<u>16</u>	<u>16</u>

13. Related party transactions

The Company has taken advantage of the exemption in paragraph 8(k) of FRS 101 not to disclose transactions with Group companies wherein any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that Group.

14. Ultimate parent company

The Company's immediate parent company is Cabot (Group Holdings) Limited, a company incorporated in England and Wales. The Company's ultimate parent company is Encore Capital Group Inc ("Encore"), a company incorporated in Delaware, United States, whose consolidated financial statements are available on their website.