

Company Registration No. 06145019

Marlin Europe II Limited

Annual Report and Financial Statements

31 December 2013



Marlin Europe II Limited

Annual report and financial statements 2013

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Marlin Europe II Limited

Officers and professional advisers

Directors

K Stannard
D Page
P Richardson
C Ross-Roberts

Secretary

W Wellinghoff

Registered Office

Marlin House
16-22 Grafton Road
Worthing
West Sussex
BN11 1QP

Bankers

Barclays Bank Plc
Chapel Road
Worthing
West Sussex
BN11 1EY

Natwest Plc
City of London Office
P O Box 12258
1 Princes Street
London
EC2R 8PA

Auditor

Deloitte LLP
Chartered Accountants
Crawley
United Kingdom
RH10 1DL

Marlin Europe II Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activities

The principal activity of the company continues to be the investment in non performing loans.

Going concern

The parent group intends to continue its strategy of growth through the acquisition of portfolios and the directors have prepared budgets and forecasts, which include the Company, on this basis. Since the year end the group has been purchased by Cabot Financial Holdings Group Limited who are ultimately supported by Encore Capital Group Incorporated. Cabot has indicated their intention to continue to support the groups continued growth and will provide the financial support to achieve this. On this basis the Directors have a reasonable expectation that the Group and the Company 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 Financial Statements.

Non adjusting events

Non Adjusting events have been disclosed in note 9 to the Financial Statements.

Directors

The directors who served throughout the year and up to the date of approval of the financial statements, unless otherwise stated, were as follows:

M Dunphy	(resigned 10 February 2014)
J S Telford	(resigned 8 April 2013)
K Stannard	
D Page	
P Richardson	(appointed 11 February 2013)
C Ross-Roberts	(appointed 10 February 2014)

Auditor

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 auditor is unaware; and
- (2) 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.

Deloitte LLP have expressed their willingness to continue in office as auditor of the company and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

K Stannard
Director



26 June 2014

Marlin Europe II Limited

Directors' responsibilities statement

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 (United Kingdom Accounting Standards and applicable law). 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 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 accounting 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 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 report to the members of Marlin Europe II Limited

We have audited the financial statements of Marlin Europe II Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 11. 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).

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 the auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 and of its loss 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime or take advantage of the small companies exemption in preparing the directors' report.



Ian Smith (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Crawley, United Kingdom
27 June 2014

Marlin Europe II Limited

Profit and loss account For year ended 31 December 2013

	Note	2013 £	2012 £
Turnover		8,863,553	2,078,329
Cost of sales		<u>(6,542,850)</u>	<u>(2,040,033)</u>
Gross profit		2,320,703	38,296
Administration expenses		<u>(1,698)</u>	<u>119</u>
Operating profit		2,319,005	38,415
Interest payable and similar charges		<u>(4,014,395)</u>	<u>(452,250)</u>
(Loss) on ordinary activities before taxation	2	<u>(1,695,390)</u>	<u>(413,835)</u>
Tax credit on (loss) on ordinary activities	3	<u>3</u>	<u>-</u>
(Loss) for the financial year	8	<u><u>(1,695,387)</u></u>	<u><u>(413,835)</u></u>

All the results for the current and prior years derive from continuing operations.

There are no further recognised gains and losses for the current and preceding financial year other than as stated in the profit and loss account and as a result no statement of total recognised gains and losses is given.

The notes on pages 7 to 10 form part of the financial statements.

Marlin Europe II Limited

Balance sheet

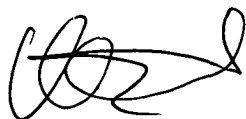
31 December 2013

	Note	2013 £	2012 £
Current assets			
Stock - purchased debt portfolios		32,474,587	16,003,672
Debtors: Amounts falling due within one year	4	2,783,912	281,810
Cash at bank and in hand: - unrestricted		577,685	-
- restricted		-	113,697
		<u>577,685</u>	<u>113,697</u>
		35,836,184	16,399,179
Creditors: amounts falling due within one year	5	<u>(2,847,257)</u>	<u>(4,514,747)</u>
Net current assets		<u>32,988,927</u>	<u>11,884,432</u>
Creditors: amounts falling due after more than one year	6	<u>(35,025,660)</u>	<u>(12,225,778)</u>
Net liabilities total		<u><u>(2,036,733)</u></u>	<u><u>(341,346)</u></u>
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account	8	<u>(2,036,734)</u>	<u>(341,347)</u>
Total shareholders' deficit		<u><u>(2,036,733)</u></u>	<u><u>(341,346)</u></u>

The notes on pages 7 to 10 form part of the financial statements.

The financial statements of Marlin Europe II Limited, registered number 06145019 were approved by the board of directors and authorised for issue on 26 June 2014.

They were signed on its behalf by:



K Stannard
Director

Marlin Europe II Limited

Notes to the financial statements For the year ended to 31 December 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. 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 parent group intends to continue its strategy of growth through the acquisition of portfolios and the directors have prepared budgets and forecasts, which include the Company, on this basis. Since the year end the group has been purchased by Cabot Financial Holdings Group Limited who are ultimately supported by Encore Capital Group Incorporated. Cabot has indicated their intention to continue to support the groups continued growth and will provide the financial support to achieve this. On this basis the Directors have a reasonable expectation that the Group and the Company 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 Financial Statements.

Turnover

Turnover from collections on owned portfolios represents the gross collection monies received and is recognised at the point of receipt.

The company starts to recognise collections on portfolios from the date at which it has effective control over the portfolio.

Cash at bank and in hand

Since the issue of the 10.5% Senior Secured Notes all cash is now available for unrestricted use within the Bond group, therefore all cash is now classed as unrestricted. This is a change in circumstances from last year when such amounts were held as restricted cash as they were required to be distributed in line with the relevant inter-creditor agreement for that portfolio.

Stocks

Stock represents the carrying values of portfolios of purchased loans. The debt is stated at cost and is released to cost of sales as collections are received to reflect the expected yield over the life of the portfolio. If at any time an individual debt portfolio is not considered to be capable of sustaining its carrying value, it is written down to the extent that a loss is foreseeable.

Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount. In determining the internal rate of return of the financial liabilities expected contingent payments are included.

Cash flow statement

The Company has taken advantage of the exemption given under FRS 1 (revised) not to produce a cash flow statement as the Company's ultimate parent undertaking, Marlin Financial Group Limited, publishes a consolidated cash flow statement.

Marlin Europe II Limited

Notes to the financial statements For the year ended to 31 December 2013

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or 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 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.

Segmental information

The directors are of the opinion the company has one class of business. Turnover is entirely derived from within the United Kingdom.

2. Operating (loss)

The auditor's remuneration of £10,721 (2012 - £3,145) was borne by another group company for the current and preceding year. Non-audit fees are disclosed in the consolidated accounts of Marlin Financial Group Limited and so are not disclosed here.

The director's remuneration was borne by another group company.

3. Tax on (loss) on ordinary activities

(a) Tax on (loss) on ordinary activities

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23% (2012 – 24%) based on the (loss) in the financial year	-	-
Adjustment in respect of prior periods	(3)	-
	<u>(3)</u>	<u>-</u>

(b) Factors affecting current tax charge for the year

The tax assessed for the year is lower (2012 – lower) than that resulting from applying the standard rate of corporation tax in the UK 23% (2012 – 24%). The differences are explained below:

	2013 £	2012 £
(Loss) on ordinary activities before taxation	<u>(1,695,390)</u>	<u>(413,835)</u>
Tax on loss on ordinary activities at standard rate	(389,940)	(99,320)
Effects of:		
Group relief surrendered for no consideration	389,940	-
Losses not recognised	-	99,320
Adjustment in respect of prior periods	<u>(3)</u>	<u>-</u>
Total actual amount of current tax	<u>(3)</u>	<u>-</u>

Marlin Europe II Limited

Notes to the financial statements For the year ended 31 December 2013

3. Tax on (loss) on ordinary activities (continued)

(c) Factors that may affect future tax charge

The Finance Act 2013, which provides for a reductions in the main rate of corporation tax from 23% to 21% effective from 1 April 2014 and to 20% effective from 1 April 2015, was substantively enacted on 2 July 2013. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

4. Debtors

	2013 £	2012 £
Amounts falling due within one year:		
Prepayments and accrued income	114,614	-
Amounts owed by group undertakings	2,669,297	256,918
Other debtors	1	24,892
	<u>2,783,912</u>	<u>281,810</u>

5. Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	<u>2,847,257</u>	<u>4,514,747</u>

6. Creditors: amounts falling due after more than one year

	2013 £	2012 £
Amounts owed to group undertakings	<u>35,025,660</u>	<u>12,225,778</u>

7. Called up share capital

	2013 £	2012 £
Allotted, called up and fully paid:		
1 (2012 - 1) ordinary share of £1 each	<u>1</u>	<u>1</u>

Marlin Europe II Limited

Notes to the financial statements For the year ended to 31 December 2013

8. Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2013	(341,347)
Loss for the financial year	(1,695,387)
Balance at 31 December 2013	<u>2,036,734</u>

9. Non adjusting events

On 10 February 2014 the entire share capital of the ultimate parent company was sold to Cabot Financial Holdings Group Limited.

10. Control and ultimate parent company

The ultimate parent company is Marlin Financial Group Limited and the ultimate controlling party is Encore Capital Group, Inc.

For the year ended 31 December 2013 and up until 9 February 2014 the ultimate controlling party was Duke Street General Partner Limited.

On 10 February 2014 Duke Street General Partner Limited sold its stake in the company to Cabot Financial Holdings Group Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by Marlin Financial Group Limited. Copies of the financial statements can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

The immediate parent company is Marlin Portfolio Holdings Limited.

11. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with other wholly owned group companies on the grounds that consolidated financial statements are prepared by a parent company.