

**Company Registration No. 08215555**

**Marlin Senior Holdings Limited**

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

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# **Marlin Senior Holdings Limited**

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# **Marlin Senior Holdings 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  
P Richardson  
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**

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

# Marlin Senior Holdings Limited

## Strategic Report For the year ended 31 December 2016

### Overview

The Directors present the Strategic Report, Directors' Report and the financial statements of Marlin Senior Holdings Limited (the "Company") for the year ended 31 December 2016.

The Company's principal activity is the holding of investment in fellow Group companies of the Cabot Financial Limited Group of companies (the "Group"), of which the Company is a member.

### Business review and results

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

<b>(£ in thousands, except for percentages)</b>			
	<b>2016 £000</b>	<b>2015 £000</b>	<b>Change %</b>
<b>(Loss)/profit on ordinary activities before tax</b>	<b>(1)</b>	<b>36,543</b>	<b>-100</b>

### Principal risks and uncertainties

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

- Cash flow and credit risk; and
- 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;
- Trade and other payables; and
- Borrowings

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

#### Financial assets

<b>Cash and receivables</b>		
<b>(£000)</b>	<b>2016</b>	<b>2015</b>
<b>Trade and other receivables (note 8)</b>	<b>49,252</b>	<b>48,777</b>
<b>Total financial assets</b>	<b>49,252</b>	<b>48,777</b>

# Marlin Senior Holdings Limited

## Strategic Report For the year ended 31 December 2016

### Principal financial instruments (continued)

#### Financial liabilities

(£000)	Financial liabilities at amortised cost	
	2016	2015
Trade and other payables (note 9)	11,092	12,253
Borrowings (note 10)	38,182	38,182
Total financial liabilities	49,274	50,435

#### Cash flow and credit risk

The Company is a member of the Cabot Financial Limited Group (the "Group") and therefore its financial risk management objectives and policies are intrinsically linked to those of the 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

3 May

2017

# **Marlin Senior Holdings 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 15. The Company's result for the year after taxation was a loss of £0.0 million (2015: profit of £36.5 million).

The Directors do not recommend a payment of a dividend in the year (2015: £36.5 million).

### **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
- P Richardson
- 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.

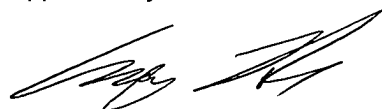
### **Directors' statement as to disclosure of information to auditors**

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

3 May

2017

## **Marlin Senior Holdings 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), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and with 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 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 Marlin Senior Holdings Limited**

We have audited the financial statements of Marlin Senior Holdings 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).

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](http://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 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 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 Marlin Senior Holdings 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.



**Matthew Hopkins (Senior Statutory Auditor)**  
**for and on behalf of BDO LLP, statutory auditor**  
55 Baker Street  
London

3 May 2017

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

## Marlin Senior Holdings Limited

### Statement of comprehensive income For the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Other operating income		-	36,545
<b>Operating profit</b>		-	36,545
Interest receivable and similar income	4	4,405	4,066
Interest payable and similar charges	5	(4,406)	(4,068)
<b>(Loss)/profit on ordinary activities before taxation</b>	3	(1)	36,543
Tax income	6	-	-
<b>(Loss)/profit and total comprehensive income for the financial period</b>		(1)	36,543

All of the above results are derived from continuing operations.


# Marlin Senior Holdings Limited

## Statement of financial position As at 31 December 2016

	Notes	2016 £000	2015 £000
<b>Fixed assets</b>			
Investments	7	77,834	77,834
		<u>77,834</u>	<u>77,834</u>
<b>Current assets</b>			
Trade and other receivables	8	49,252	48,777
		<u>49,252</u>	<u>48,777</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	9	(11,092)	(12,253)
		<u>(11,092)</u>	<u>(12,253)</u>
<b>Net current assets</b>		<u>38,160</u>	<u>36,524</u>
<b>Total assets less current liabilities</b>		<u>115,994</u>	<u>114,358</u>
<b>Creditors: amounts falling due after more than one year</b>	10	(38,182)	(36,545)
<b>Net assets</b>		<u>77,812</u>	<u>77,813</u>
<b>Equity</b>			
Called up share capital	11	250	250
Share premium		41,665	41,665
Capital contribution reserve		35,918	35,918
Retained earnings		(21)	(20)
<b>Total shareholders' funds</b>		<u>77,812</u>	<u>77,813</u>

These financial statements of Marlin Senior Holdings Limited, with registered number 08215555, were approved by the Board of Directors and authorised for issue on 3 May 2017.

Signed on behalf of the Board of Directors by:

  
C Buick  
Director

**Marlin Senior Holdings Limited**

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

	Share Capital	Capital contribution reserve	Accumulated losses	Total
	£000	£000	£000	£000
<b>As at 1 January 2015</b>	<b>41,915</b>	<b>35,918</b>	<b>(18)</b>	<b>77,815</b>
<i>Comprehensive income for the period:</i>				
Profit for the period	-	-	36,543	36,543
Total comprehensive income	-	-	36,543	36,543
<i>Contributions by and distributions to owners:</i>				
Dividends	-	-	(36,545)	(36,545)
<b>As at 31 December 2015</b>	<b>41,915</b>	<b>35,918</b>	<b>(20)</b>	<b>77,813</b>
<i>Comprehensive income for the period:</i>				
(Loss) for the period	-	-	(1)	(1)
Total comprehensive income	-	-	(1)	(1)
<b>As at 31 December 2016</b>	<b>41,915</b>	<b>35,918</b>	<b>(21)</b>	<b>77,812</b>

# Marlin Senior Holdings Limited

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

### 1. Corporate information

Marlin Senior Holdings Limited is a company limited by shares incorporated and domiciled in England and Wales. The registered office is located at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP.

### 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 paragraph 10(d), 10(f), 38(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- the requirements of IAS 7 *Statement of Cash Flows* and;
- the requirements of 134(d)-(f) and 135(c)-(e) of IAS 36 *Impairment of Assets*.

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006 as it is a wholly owned indirect subsidiary of Cabot Financial Limited and its results are included in the consolidated financial statements of that company. These financial statements therefore present information about the Company as an individual entity alone.

#### 2.2. Going Concern

The Company's core business is the holding of investments in other group companies. The Company's financial position is therefore partly dependent on the financial condition of the rest of the 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 expense 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.

# **Marlin Senior Holdings 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**

Interest income and expense are recognised on an accruals basis.

#### **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 are 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.

##### **Borrowings**

Interest bearing loans are recorded at the proceeds received net of direct issue costs. Finance fees are accounted for in the statement of comprehensive income and are added to the carrying amount of the instrument.

##### **Dividends Payable**

Dividends payable are recognised when they become legally payable, this being on the date of approval by the Board of Directors.

### **3. Profit on ordinary activities before taxation**

Profit on ordinary activities before taxation is stated after charging auditor's remuneration of £nil (2015: £nil). Auditor's remuneration with respect to the Company's audit fees for the year was borne by a fellow group company.

# Marlin Senior Holdings Limited

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

### 4. Finance income

	2016 £000	2015 £000
Interest income from parent and other Group undertakings <sup>(a)</sup>	<u>4,405</u>	<u>4,066</u>

<sup>(a)</sup> 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 10.75% on loans.

### 5. Finance expense

	2016 £000	2015 £000
Interest expense due to parent and other Group undertakings <sup>(a)</sup>	<u>4,406</u>	<u>4,068</u>

<sup>(a)</sup> 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 10.75% on loans.

### 6. Tax

The income tax expense comprises:

	2016 £000	2015 £000
<b>Current tax</b>		
Corporation tax	-	-
Total current tax	-	-
<b>Total income tax expense</b>	<u>-</u>	<u>-</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
(Loss)/profit before tax	<u>(1)</u>	<u>36,543</u>
Income tax expense calculated at standard UK hybrid corporation tax rate of 20% (2015: 20.25%)	-	7,400
Effects of:		
Income not taxable for tax purposes	-	(7,400)
<b>Total income tax expense</b>	<u>-</u>	<u>-</u>

# Marlin Senior Holdings Limited

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

### 7. Investment in subsidiaries

	£000
At 1 January 2016 and 31 December 2016	<u>77,834</u>

The principal subsidiary undertakings of the Company are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	% shares held
Marlin Portfolio Holdings Limited	Great Britain	Holding company	100
Cabot Financial (Marlin) Limited	Great Britain	Purchase and recovery of senior debt in the UK	100
Marlin Legal Services Limited	Great Britain	Provision of legal staff in the UK	100

The above companies' registered office is located at Marlin House, 16-22 Grafton Road, Worthing, West Sussex, BN11 1QP.

### 8. Trade and other receivables

	2016 £000	2015 £000
Loans to other Group undertakings	38,181	38,183
Amounts owed by parent undertakings	11,006	10,533
Amounts owed by other Group undertakings	65	61
	<u>49,252</u>	<u>48,777</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.

### 9. Trade and other payables

	2016 £000	2015 £000
Amounts owed to parent undertakings	-	1,637
Amounts owed to other Group undertakings	11,092	10,616
	<u>11,092</u>	<u>12,253</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.



# Marlin Senior Holdings Limited

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

### 10. Borrowings

	2016 £000	2015 £000
<b>Non current</b>		
Loans from parent undertakings	<u>38,182</u>	<u>36,545</u>

Loans are repayable in more than one but less than 5 years and interest is charged on the loans at a rate of 10.75%.

### 11. Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid: 250,709 class "A" Ordinary shares of £1 each, subscription price of £167.19	<u>41,915</u>	<u>41,915</u>

### 12. Dividends

	2016 £000	2015 £000
<u>Ordinary shares</u>		
Dividends paid	<u>-</u>	<u>36,545</u>

The Directors declared a dividend of £nil per share, during the year (2015: £36,545,372, £145.77 per share) payable to the direct parent of the Company, Black Tip Capital Holdings Limited.

### 13. Contingent liabilities

The Company is party to guarantees in relation to the senior committed revolving credit facility drawn by a fellow Group company and the Senior Secured Notes due 2020, 2021 and 2023. Amounts outstanding on such borrowings were £1,067.6 million at 31 December 2016 (2015: £954.2 million). The expectation is that any liability under these guarantees will not be crystallised in the foreseeable future.

### 14. 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.

### 15. Ultimate parent company

The Company's immediate parent company is Black Tip Capital Holdings Limited, a company incorporated in England and Wales. The smallest group of which the Company is a member and for which group financial statements are drawn up is Cabot Financial Limited. 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.