

Company Registration No. 08215555

Marlin Senior Holdings Limited

Annual Report and Financial Statements

31 December 2013



Marlin Senior Holdings Limited

Annual report and financial statements 2013

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Marlin Senior Holdings Limited

Annual report and financial statements 2013

Officers and professional advisers

Directors

D Page
K Stannard
P Richardson
C Ross-Roberts

Secretary

W Wellinghoff

Registered Office

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

Bankers

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

Independent auditor

Deloitte LLP
Chartered Accountants
Crawley
United Kingdom

Marlin Senior Holdings Limited

Strategic report

Business review

The principal activity of the company is that of a holding company.

The company made a net loss before tax of £11,836 (2012: £1,983) during the year.

The directors are constantly looking for opportunities to continue to develop the business.

Principal risk and uncertainties

The directors consider the principal risks and uncertainties to the business include insufficient availability of funding, a lack of adequate quality portfolios being offered to the market, the reduction of collection rates on the debt portfolios owned by the company due to the economic environment and the potential for regulatory action being taken against the company. These risks are mitigated through oversight from management by regularly seeking new financing solutions at attractive rates and keeping abreast of opportunities to purchase new debt portfolios. Due to the recent successful financing and the purchase of new high performing debt portfolios this risk is currently low.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk.

Credit risk

Credit risk is primarily attributable to the amount due from group undertakings. The directors mitigate this risk through their oversight of fellow group companies.

Liquidity risk

The company is confident it can manage working capital requirements to mitigate any liquidity risks. The directors anticipate being able to draw on the cash resources of the group as necessary to meet liquidity requirements.

Future outlook

No material changes are expected in the activities of the company.

Dividends

The directors do not propose a final dividend for the period.

Directors' indemnity insurance

The company has taken out third party indemnity insurance for the benefit of its directors,

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 11 to the Financial Statements.

Approved by the Board and signed on its behalf by:

K Stannard
Director



26 June 2014

Marlin Senior Holdings Limited

Directors' report

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

Directors

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

D J Page	
J S Telford	(Resigned 8 April 2013)
K Stannard	
P Richardson	(Appointed 11 February 2013)
C Ross-Roberts	(Appointed 10 February 2014)

Independent auditor and statement of provision of information to the independent auditor

Each of the persons who are 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 indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:



K Stannard
Director

26 June 2014

Marlin Senior Holdings 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;
- state whether applicable UK Accounting Standards have been followed; 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 company financial statements of Marlin Senior Holdings Limited for the period ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 14. 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 and 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 the loss for the period 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 Strategic Report and 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.



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

Marlin Senior Holdings Limited

Profit and loss account For the period ended 31 December 2013

	Notes	Year ended 31 December 2013 £	Period ended 31 December 2012 £
Turnover		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(11,836)	(1,983)
Operating loss		(11,836)	(1,983)
Finance charges (net)	3	-	-
Loss on ordinary activities before taxation	2	(11,836)	(1,983)
Tax charge on loss on ordinary activities	4	-	-
Loss for the financial period	10	(11,836)	(1,983)

The results for the period derive from continuing operations.

There are no further recognised gains and losses for the current or preceding financial period 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 8 to 12 form part of these financial statements.

Marlin Senior Holdings Limited

Balance sheet 31 December 2013

	Note	As at 31 December 2013	As at 31 December 2012
		£	£
Fixed assets			
Investments	5	41,915,384	41,915,384
Current assets			
Debtors: amounts falling due within one year	6	4,400,047	552,034
Debtors: amounts falling due after more than one year	6	31,769,392	21,543,347
Total debtors		36,169,439	22,095,381
Cash at bank and in hand		1,655	-
		<u>36,171,094</u>	<u>22,095,381</u>
Creditors: amounts falling due within one year	7	<u>(4,415,521)</u>	<u>(554,017)</u>
Net current assets		<u>31,755,573</u>	<u>21,541,364</u>
Total assets less current liabilities		<u>73,670,957</u>	<u>63,456,748</u>
Creditors: amounts falling due after more than one year	8	<u>(31,769,392)</u>	<u>(21,543,347)</u>
Net assets		<u><u>41,901,565</u></u>	<u><u>41,913,401</u></u>
Capital and reserves			
Called up share capital	9	250,709	250,709
Share premium		41,664,675	41,664,675
Profit and loss account - deficit	10	(13,819)	(1,983)
Total shareholders' funds	13	<u><u>41,901,565</u></u>	<u><u>41,913,401</u></u>

The notes on pages 8 to 12 form part of these financial statements.

The financial statements of Marlin Senior Holdings Limited, registered number 08215555, 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 Senior Holdings Limited

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

1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular principal accounting policies adopted are described below and have been applied consistently throughout the current financial period.

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.

Finance income

Finance income from financial assets is 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 assets expected contingent payments are included.

Taxation

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

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

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

Investments

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

In the balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares, cost is measured by reference to the nominal value only of the shares issue. Any premium is ignored.

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.

2. Loss on ordinary activities before taxation

The auditor's remuneration of £3,501 (2012 - £10,387) 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

Marlin Senior Holdings Limited

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

3. Finance charges (net)

	2013 £	2012 £
Interest payable and similar charges	3,718,225	546,708
Interest receivable and similar charges	(3,718,225)	(546,708)
	<u>-</u>	<u>-</u>
	£	£
Interest payable and similar charges		
Other loans	3,178,225	546,708
	<u>3,178,225</u>	<u>546,708</u>

4. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

	2013 £	2012 £
Current tax		
United Kingdom corporation tax at 23% (2012 – 24.5%) based on the profit for the year	-	-
	<u>-</u>	<u>-</u>
Total tax on loss on ordinary activities	<u>-</u>	<u>-</u>

(b) Factors affecting current tax charge for the period

The tax assessed for the period is higher (2012 - higher) than that resulting from applying the standard rate of corporation tax in the UK 23% (2012 -24.5%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before taxation	(11,836)	(1,983)
	<u>(11,836)</u>	<u>(1,983)</u>
Tax on loss on ordinary activities at standard rate	(2,722)	(486)
Effects of:		
Group relief surrendered	2,722	-
Losses carried forward	-	486
	<u>2,722</u>	<u>486</u>
Total actual amount of current tax	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charge

The Finance Act 2013, which provides for reduction 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.

Marlin Senior Holdings Limited

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

5. Fixed asset investments

					Shares in group undertakings £
Company					
Cost and net book value					
At 1 January and 31 December 2013					<u>41,915,384</u>
Principal investments					
Subsidiary undertakings	Country of incorporation and operation	Principal activity	Aggregate Capital and reserves	Profit/(loss) for the year	Holding %
Marlin Financial Services Limited	England and Wales	Debt Recovery	(2,970,716)	(2,641,944)	100
Marlin Europe I Limited *	England and Wales	Management of debt portfolios	5,867,010	(968,852)	100
Marlin Capital Europe Limited *	England and Wales	Management of debt portfolios	1,304,396	326,887	100
Marlin Europe II Limited *	England and Wales	Management of debt portfolios	(2,036,733)	(1,695,387)	100
MCE Portfolio Limited *	England and Wales	Management of debt portfolios	10,855,338	2,690,868	100
Marlin Legal Services Limited	England and Wales	Provision of legal services	(947,201)	60,857	100
MFS Portfolio Limited *	England and Wales	Management of debt portfolios	(3,422,401)	(1,319,481)	100
Marlin Europe IV Limited *	England and Wales	Management of debt portfolios	(1,550,189)	(912,141)	100
Marlin Portfolio Holdings Limited	England and Wales	Holding company	39,569,409	(1,482,330)	100
* denotes held indirectly					

Marlin Senior Holdings Limited

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

6. Debtors

	Company 2013 £	Company 2012 £
Amounts falling due within one year:		
Amounts due from group undertakings	4,400,047	552,034
Amounts falling due after more than one year:		
Amounts due from group undertakings	31,769,392	21,543,347
Total debtors	36,169,439	22,095,381

7. Creditors: amounts falling due within one year

	Company 2013 £	Company 2012 £
Bank overdrafts	-	61
Amounts owed to group undertakings	4,415,521	553,956
	<u>4,415,521</u>	<u>554,017</u>

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

	Company 2013 £	Company 2012 £
Amounts owed to group undertaking	31,769,392	21,543,347
	<u>31,769,392</u>	<u>21,543,347</u>

9. Called up share capital

	2013 £	2012 £
Called up, allotted and fully paid:		
250,709 'A' ordinary shares of £1 each	250,709	250,709

Marlin Senior Holdings Limited

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

10. Statement of movements on reserves

	Share premium £	Profit and loss account £	Total £
At 1 January 2013	41,664,675	(1,983)	41,662,692
Loss for the financial period	-	(11,836)	(11,836)
Balance at 31 December 2013	<u>41,664,675</u>	<u>(13,819)</u>	<u>41,650,856</u>

11. Non adjusting events

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

12. 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 Black Tip Capital Holdings Limited.

13. Reconciliation of movements in Shareholders' funds

	2013 £	2012 £
Opening shareholders' funds	41,913,401	-
Loss for the financial year	(11,836)	(1,983)
Shares issued	-	41,915,384
Closing shareholders' funds	<u>41,901,565</u>	<u>41,913,401</u>

14. 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.