

Cerberus European Servicing Ltd

Annual Report and Consolidated Financial
Statements

Year Ended

31 December 2022

Company Number 08388731

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Cerberus European Servicing Ltd

Company Information

Directors	A Waldenberg J Gallen R R W Falls R O Coggle B C Berg
Company secretary	Intertrust (UK) Limited
Registered number	08388731
Registered office	5 Savile Row London W1S 3PB
Independent auditors	PricewaterhouseCoopers LLP 7 More London Riverside London SE1 2RT

Cerberus European Servicing Ltd

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Cerberus European Servicing Ltd

Group Strategic Report for the Year Ended 31 December 2022

Business overview

The Group consists of Cerberus European Servicing Ltd and its subsidiaries, detailed in note 12 (collectively the "Group").

The Group provides advisory, monitoring and reporting services to portfolio companies and its affiliate Cerberus European Investments, LLC ("CEI LLC"), an entity incorporated in the United States, in respect of the performance of asset management services provided by third parties. The Group also provides collection and payment agency services.

The Board of Directors is responsible for the overall stewardship of the Group.

The Group's performance for the year and future outlook are contained in the Directors' Report on page 3 which forms part of the Strategic Report.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Group are described below:

- Loss of reputation - the Group provides advice to portfolio companies and CEI LLC in respect of the performance of asset management services across portfolios. Poor advice and reporting may result in the Group and its affiliates losing their reputation and therefore future income;
- Operational - failure of its operational systems or those of third party service providers may disrupt the Group's ability to provide its services;
- Financial - inadequate controls or policies could lead to misappropriation of assets and failure to comply with accounting standards and related regulations;
- Credit - the Group is exposed to CEI LLC and other debtors who may fail to settle service fees, the primary source of income. The Group holds cash principally with Deutsche Bank AG, London, a branch of Deutsche Bank AG; and
- Liquidity - cash is insufficient for the Group to meet its obligations associated with financial liabilities.

The Directors establish appropriate procedures and controls to monitor and mitigate each of these risks and limit the adverse effects on the financial performance of the Group. In particular, the Group regularly assesses the credit quality of its counterparties, taking into account their financial position, past experience, any independent credit ratings and other factors. The Group's cash flow profile does not require debt finance to ensure that there are available funds for operations but should such need arise, funding would be obtained from the ultimate parent undertaking, Cerberus Capital Management, L.P. ("CCM LP"). The financial and certain administrative functions are outsourced to a third party provider thus offering a degree of independence during the process of control.

The Directors have reviewed and assessed the Company's ability to continue as a going concern. The Company remains profitable with a strong liquidity position and is expected to continue to be profitable.

The Group has assessed the impact of the ongoing conflict in Ukraine. As the Group has no trade with either Ukraine or Russia, it is not expected to have any material impact.

Key performance indicators

The level of turnover that the Group earns is its key performance indicator. For the year ended 31 December 2022 the Group had a turnover of £39.4m (2021 - £44.6m).

Cerberus European Servicing Ltd

Group Strategic Report (continued) for the Year Ended 31 December 2022

Section 172(1) Statement

This statement is made pursuant to section 414CZA of the Companies Act 2006 (the Act) and describes how the Directors have had regard to the matters set out in section 172(1)(a) – (f) of the Act in performing their duty to promote the success of the Group.

The Group believes that governance of the Company is best achieved by delegation of its authority for the executive management of the Group to the Executive Committee of the Group, which is made up of senior managers of the Group in accordance with its regulatory requirements.

The Executive Committee has regard to a number of factors and stakeholders as it seeks to promote the success of the Group and these are discussed below.

Shareholder and customer stakeholder

Our key stakeholders are our ultimate parent company, CCM LP and CEI LLC. The Group's interaction and relationship with CCM LP and CEI LLC is therefore key to promoting the success of the Group. There are agreements in place between these entities which govern the inter-group services and which govern their relationship. Additionally, the Executive Committee is in regular communication with both CCM LP and CEI LLC, by way of formal and informal meetings and discussions with a view to focussing on the long-term strategic direction that best suits the Group and CCM LP and CEI LLC.

Employee stakeholders

Employees are also a key stakeholder of the Group. They are essential to delivering our strategy and creating value and to help the Group succeed. The Group strives to attract, develop and retain high quality employees who have the right skills to become future leaders in the business. We are committed to developing this exceptional pool of talent in an environment which is meritocratic, open and collaborative. The Group has a fair and competitive pay and remuneration structure to attract and retain talent. As part of the Company's engagement with employees, relevant members of the Executive Committee meet appropriately with employees to receive direct feedback, discuss issues affecting employees and to understand what changes could be made for their benefit.

Other stakeholders

The Group is committed to fostering good business relationships with its suppliers. We believe the best way to do this is by being a prompt payer. We endeavour to pay our suppliers within the standard credit terms offered.

Regulation

The Executive Committee is required to monitor that the business is operated in accordance with regulatory standards and principles, which includes promoting a positive culture and ensuring the fair treatment of its customers.

This report was approved by the Board of Directors and signed on its behalf.

Brian Berg
Brian Berg (Sep 28, 2023 14:47 GMT+1)

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B C Berg
Director

Date: 28 September 2023

Cerberus European Servicing Ltd

Directors' Report for the Year Ended 31 December 2022

The Directors present their annual report and the audited consolidated financial statements of Cerberus European Servicing Ltd (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2022.

Principal activities

The principal activities of the Group are the provision of advisory, monitoring and reporting services to portfolio companies and its affiliate, CEI LLC, a company incorporated in the United States. The Group also provides collection and payment agency services.

Results and dividends

The Group's profit for the financial year is shown in the Consolidated Statement of Comprehensive Income on page 9. The capital and reserves of the Group and Company are reflected in the Balance Sheets on pages 10 - 12.

During the year, no interim dividend was paid (2021 - £nil). The Directors have not resolved to pay a final dividend.

Future developments

In view of current market conditions, the Directors expect a similar level of activity and continued profitability during the forthcoming year.

Principal risks and uncertainties

The Group's exposure to, and management of, principal risks is described in the Group Strategic Report on page 1.

Directors

The Directors who served during the year and up to the date of signing the financial statements were:

A Waldenberg
J Gallen
R R W Falls
R O Coggle
B C Berg

During the year, rights to subscribe for shares in, or debentures of, the Company were not granted to, or exercised by any Director or a member of his immediate family.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

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

Cerberus European Servicing Ltd

Directors' Report (continued) for the Year Ended 31 December 2022

Going concern

Both the Group and the Company reported net assets in both the current and prior years. The Company reported net assets in the current year and prior year. On the basis of their assessment of the Group and Company's financial position and resources, and the support of the immediate and ultimate parent undertakings (note 22), the Directors believe that the Group is well placed to manage its business risks. Therefore, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Streamlined Energy and Carbon Reporting (SECR)

The Group has adopted the reporting requirements of the Streamlined Energy and Carbon Reporting (SECR) policy as implemented by the government and with effect for financial years commencing after 1 April 2019.

Our emissions data is presented below. We have calculated the emissions in line with the Greenhouse gas reporting: conversion factors 2022 as published by the government.

Emissions tables

		Financial year ended 31 December 2022		Financial year ended 31 December 2021	
		kWh	CO2e Tonnes	kWh	CO2e Tonnes
Scope 1	Combustion of natural gas	36,603	9	24,773	5.78
Scope 2	Electricity purchased and used for operations	16,184	4	22,212	5.18
	Total	52,787	13	46,985	10.96

The Group does not operate any vehicles, including those used for transportation.

Emissions Intensity Ratio (CO2e tonnes per member of staff) for the financial year ended 31 December 2022: 0.39 (2021: 0.39)

We believe number of staff is an appropriate business specific metric for calculating the Emissions Intensity Ratio, as it is the main driver of our energy consumptions and, therefore, emissions.

We generate Scope 1 and Scope 2 emissions directly through purchasing electricity and gas from occupying the premises in London and Scope 2 emissions directly through purchasing electricity from occupying the premises in Spain. The Directors have elected not to report on subsidiaries which would not be required to report in its own accounts.

In order to reduce emissions, the Group has cancelled the use of plastic bottles of water in the office space. These have been replaced by recyclable water containers and employees have been provided with a reusable water bottle. The Group is aware of its duty to reduce its impact on the environment and will continue to make efforts with the goal of reducing its carbon footprint where it realistically can.

Cerberus European Servicing Ltd

Directors' Report (continued) for the Year Ended 31 December 2022

Statement of directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Consolidated Financial Statements and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements 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 Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed to the Directors.

This report was approved by the Board of Directors and signed on its behalf.

Brian Berg
Brian Berg (Sep) 28, 2023 14:47 GMT+1

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B C Berg
Director

Date: 28 September 2023

Cerberus European Servicing Ltd

Independent Auditors' Report to the Members of Cerberus European Servicing Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Cerberus European Servicing Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2022 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated Balance Sheet and Company Balance Sheet as at 31 December 2022; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Cerberus European Servicing Ltd

Independent Auditors' Report to the Members of Cerberus European Servicing Ltd (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Cerberus European Servicing Ltd

Independent Auditors' Report to the Members of Cerberus European Servicing Ltd (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of expenses to misappropriate assets or the posting of inappropriate journal entries. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes, including those of the Board;
- Testing journal entries where we identified particular fraud risk criteria; and
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Tina Ahuja (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date: 28 September 2023

Cerberus European Servicing Ltd

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2022

	Note	2022 £	2021 £
Turnover	4	39,411,891	44,577,562
Gross profit		39,411,891	44,577,562
Administrative expenses		(34,606,089)	(32,606,584)
Other operating income	5	12,511	11,517
Operating profit	6	4,818,313	11,982,495
Interest receivable and similar income		205,357	95
Interest payable and similar expenses	9	(1,188)	(27,677)
Profit before taxation		5,022,482	11,954,913
Tax on profit	10	(617,055)	(1,434,794)
Profit for the financial year		4,405,427	10,520,119
Other comprehensive income/(expense)			
Currency translation differences		134,341	(860,390)
Other comprehensive income/(expense) for the year		134,341	(860,390)
Total comprehensive income for the year		4,539,768	9,659,729
Profit for the year attributable to:			
Owners of the parent Company		4,405,427	10,520,119
		4,405,427	10,520,119
Total comprehensive income for the year attributable to:			
Owners of the parent Company		4,539,768	9,659,729
		4,539,768	9,659,729

There were no recognised gains and losses for 2022 or 2021 other than those included in the consolidated statement of comprehensive income.

All of the above results of the Group arose from continuing operations.

The notes on pages 16 to 36 form part of these financial statements.

Cerberus European Servicing Ltd

Registered number:08388731

Consolidated Balance Sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	172,959	201,832
		<u>172,959</u>	<u>201,832</u>
Current assets			
Debtors: amounts falling due after more than one year	13	187,025	177,372
Debtors: amounts falling due within one year	13	25,074,419	19,143,826
Cash and cash equivalents	14	11,407,846	17,809,854
		<u>36,669,290</u>	<u>37,131,052</u>
Creditors: amounts falling due within one year	15	(19,347,366)	(22,486,324)
Net current assets		<u>17,321,924</u>	<u>14,644,728</u>
Total assets less current liabilities		<u>17,494,883</u>	<u>14,846,560</u>
Creditors: amounts falling due after more than one year	16	(2,627,933)	(4,519,378)
Net assets		<u>14,866,950</u>	<u>10,327,182</u>
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account	19	14,866,949	10,327,181
Total equity		<u>14,866,950</u>	<u>10,327,182</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Brian Berg
Brian Berg (Sep 28, 2023 14:47 GMT+1)

.....
B C Berg
Director

Date: 28 September 2023

The notes on pages 16 to 36 form part of these financial statements.

Cerberus European Servicing Ltd
Registered number:08388731

**Company Balance Sheet
as at 31 December 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	11	4,220	6,822
Investments	12	25,724	25,724
		<u>29,944</u>	<u>32,546</u>
Current assets			
Debtors: amounts falling due within one year	13	24,348,306	18,495,534
Cash and cash equivalents	14	6,923,375	14,017,886
		<u>31,271,681</u>	<u>32,513,420</u>
Creditors: amounts falling due within one year	15	(26,690,386)	(30,587,730)
Net current assets		<u>4,581,295</u>	<u>1,925,690</u>
Total assets less current liabilities		<u>4,611,239</u>	<u>1,958,236</u>
Creditors: amounts falling due after more than one year	16	(854,872)	(1,836,585)
Net assets		<u><u>3,756,367</u></u>	<u><u>121,651</u></u>
Capital and reserves			
Called up share capital	18	1	1
Profit and loss account	19	3,756,366	121,650
Total equity		<u><u>3,756,367</u></u>	<u><u>121,651</u></u>

Cerberus European Servicing Ltd
Registered number:08388731

Company Balance Sheet (continued)
as at 31 December 2022

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £3,634,716 (2021 - £8,310,132).

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Brian Berg
Brian Berg: Sep 28, 2023 14:47 GMT+1

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B C Berg
Director

Date: 28 September 2023

The notes on pages 16 to 36 form part of these consolidated financial statements.

Cerberus European Servicing Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2021	1	667,452	667,453
Comprehensive income/(expense) for the year			
Profit for the year	-	10,520,119	10,520,119
Other comprehensive expense	-	(860,390)	(860,390)
Total comprehensive income for the year	-	9,659,729	9,659,729
At 31 December 2021 and 1 January 2022	1	10,327,181	10,327,182
Comprehensive income for the year			
Profit for the year	-	4,405,427	4,405,427
Other comprehensive income	-	134,341	134,341
Total comprehensive income for the year	-	4,539,768	4,539,768
At 31 December 2022	1	14,866,949	14,866,950

The notes on pages 16 to 36 form part of these financial statements.

Cerberus European Servicing Ltd

Company Statement of Changes in Equity for the Year Ended 31 December 2022

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2021	1	(8,218,482)	(8,218,481)
Comprehensive income for the year			
Profit for the year	-	8,340,132	8,340,132
	-	8,340,132	8,340,132
Total comprehensive income for the year			
	1	121,650	121,651
Comprehensive income for the year			
Profit for the year	-	3,634,716	3,634,716
	-	3,634,716	3,634,716
Total comprehensive income for the year			
At 31 December 2022	1	3,756,366	3,756,367

The notes on pages 16 to 36 form part of these financial statements.

Cerberus European Servicing Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 December 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	4,405,427	10,520,119
Adjustments for:		
Depreciation of tangible assets	53,627	89,280
Interest paid	1,188	27,677
Interest received	(205,357)	(95)
Taxation charge	617,055	1,434,794
Increase in debtors	(5,000,423)	(4,226,722)
Decrease in creditors	(4,354,374)	(5,751,407)
Corporation tax paid	(2,123,320)	(1,272,798)
Net cash (used in)/generated from operating activities	(6,606,177)	820,848
Cash flows from investing activities		
Purchase of tangible fixed assets	-	(7,595)
Interest received	205,357	95
Net cash generated from/(used in) investing activities	205,357	(7,500)
Cash flows from financing activities		
Interest paid	(1,188)	(27,677)
Net cash used in financing activities	(1,188)	(27,677)
Net (decrease)/increase in cash and cash equivalents	(6,402,008)	785,671
Cash and cash equivalents at beginning of year	17,809,854	17,024,183
Cash and cash equivalents at the end of year	11,407,846	17,809,854
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	11,407,846	17,809,854
	11,407,846	17,809,854

The notes on pages 16 to 36 form part of these financial statements.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

1. General information

Cerberus European Servicing Ltd is a private company, limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the Company Information page and the nature of the Company's operations and principal activity are set out in the Directors' Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

Parent Company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented as the reconciliation for the Group and the parent company would be identical;
- No Statement of Cash Flows has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosures have been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements have been prepared in accordance with section 9 of FRS 102. The consolidated financial statements consolidate the results and the position of the Company and its subsidiary undertakings, for the year ended 31 December 2022.

Subsidiaries are entities that are directly or indirectly controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

2. Accounting policies (continued)

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control or change of significant influence respectively. Where control of a subsidiary is lost, the gain or loss is recognised in the Consolidated Statement of Comprehensive Income. The cumulative amounts of any exchange differences on translation, recognised in equity, are not included in the gain or loss on disposal and are transferred to retained earnings. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to profit or loss but excludes those amounts that are not required to be reclassified.

Uniform accounting policies have been used across the Group. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

2.3 Going concern

The Group and Company both reported net assets in the current and prior years. On the basis of their assessment of the Group and Company's financial position and resources, and the support of the immediate and ultimate parent undertakings (note 22), the Directors believe that the Group is well placed to manage its business risks. Therefore the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Foreign currency translation

Functional and presentation currency

The Group's and Company's functional and presentational currency is pounds sterling ("GBP").

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into GBP at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

2. Accounting policies (continued)

2.5 Turnover

The Group's activities give rise to the following forms of turnover:

Advisory Services

Turnover in relation to advisory services is recognised as earned on an accruals basis exclusive of value added tax in line with the terms of the contracts.

Monitoring and Reporting Services

Turnover in relation to monitoring and reporting services is recognised based on; (i) the remaining value of assets attributable to portfolios defined in the Groups contracts to perform such services and; (ii) the proceeds collected on each portfolio defined in the Groups contracts to perform such services.

The Group, where practicable, calculates fees for each portfolio defined within its contracts in relation to these services on a life to date basis every quarter. The Group may opt to calculate fees for each portfolio defined within its contracts in relation to these services on a quarterly basis. Turnover in relation to these services is recognised as earned on an accruals basis exclusive of value added tax.

Collection and Paying Agent Services

Turnover in relation to advisory services is recognised as earned on an accruals basis exclusive of value added tax in line with the terms of the contracts.

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 January 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

2. Accounting policies (continued)

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Employee benefits

The Group provides a range of benefits to employees, including defined contribution pension plans and holiday pay.

Short term benefits

Short-term employee benefits such as salaries and compensated absence are recognised as an expense in the year employees render services to the Company. A liability is recognised at each balance sheet date to the extent that employee holiday allowance has been accrued but not taken, the expense being recognised as staff costs in the Consolidated Statement of Comprehensive Income.

2.10 Deferred remuneration

The Group has a deferred bonus scheme under which awards have a defined vesting period. In order to receive an award, the employee must be employed at the date of payment. The cost of each deferred bonus award is charged to the Consolidated Statement of Comprehensive Income on a straight line basis over its sourcing period, commencing on the first day of the financial year to which the award relates and ending on the day the award vests.

2.11 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

2. Accounting policies (continued)

2.12 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 5 years
Fixtures and fittings	- 3 years
Office equipment	- 3 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

2. Accounting policies (continued)

2.14 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future pre-tax and interest cash flows obtainable as a result of the asset's (or asset's cash generating unit) continued use. The pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current market risk free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

2.15 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.16 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with major institutions and bank overdrafts. Bank overdrafts, when applicable, are shown within creditors in current liabilities.

2.18 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Financial instruments

The Group has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

2. Accounting policies (continued)

2.19 Financial instruments (continued)

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Consolidated Statement of Comprehensive Income immediately.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Consolidated Statement of Comprehensive Income immediately.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amounts presented in the consolidated financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

2.20 Collection proceeds

All amounts received as agent are paid into collection accounts included in cash at bank on the balance sheet and held by the Group on bare trust. A corresponding liability is recognised in creditors until the collection cash proceeds are paid out.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Due to the nature of the Group's transaction streams and year end financial position, the Directors consider there to be no critical judgements, estimates or assumptions in the preparation of these financial statements.

4. Turnover

The Group's activities consist primarily of advisory, monitoring and reporting services provided from the United Kingdom. In the current year 70% (2021 - 71%) and 30% (2021 - 29%) of turnover is derived from the United States and Europe respectively.

During the year ended 31 December 2022, management has revised its revenue methodology. Since 1 January 2022, a life-to-date model is implemented for revenue. The application of the change in revenue methodology resulted in recognition of an additional £3.9m in turnover and debtors in current year. The entire £3.9m is derived from the United States

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

5. Other operating income

	2022 £	2021 £
Other operating income	<u>12,511</u>	<u>11,517</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2022 £	2021 £
Operating leases - land and buildings	616,917	689,556
Staff costs (note 8)	22,570,977	28,628,881
Auditors' remuneration - Fees payable to the Company's auditors for the audit of the financial statements of the Company	120,020	114,100
Auditors' remuneration - Fees payable to the Company's auditors for the audit of the financial statements of the Company's subsidiaries	74,453	72,585
Fees payable to the Company's auditors for other services:		
- tax compliance services	33,621	25,868
- tax advisory services	39,668	50,280
- other services	25,046	959
Depreciation	53,627	89,280
Foreign exchange differences	<u>1,028,776</u>	<u>(956,499)</u>

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

7. Directors' emoluments

Directors' emoluments for the year were:

	2022 £	2021 £
Salaries	2,898,594	3,106,117
Other short term benefits	200,188	198,375
Long term benefits	1,854,217	2,336,840
Emoluments	4,952,999	5,641,332

During the year retirement benefits were accruing to no Directors (2021 - NIL) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £3,450,722 (2021 - £1,806,117).

Key management includes the Directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2022 £	2021 £
Salaries	2,898,594	3,106,117
Allowances	200,188	198,375
Long term benefits	1,854,217	2,336,840
	4,952,999	5,641,332

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

8. Employees

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Wages and salaries	19,702,048	26,218,527	5,761,733	6,400,738
Social security costs	2,319,608	1,899,648	828,471	841,818
Other pension costs	380,659	322,290	109,857	101,863
Other short term benefits	168,662	188,416	19,457	168
	22,570,977	28,628,881	6,719,518	7,344,587

Pension costs include contributions to self-invested pension schemes ("SIPPs"). At year end, outstanding SIPPs were £Nil (2021 - £Nil). An element of Group compensation includes deferred bonuses of £4,678,440 (2021 - £10,708,150) that are not included in the consolidated statement of comprehensive income or employees remuneration breakdown above. Deferred bonuses are recognised in the consolidated statement of comprehensive income over the period from when they are awarded to the vesting date. Deferred bonuses currently being recognised have different vesting dates over the period to 15 March 2026 (2021 – 15 March 2025).

Amounts payable under deferred bonus awards are contingent on the relevant staff being employed by the Group on the date of payment.

The average monthly number of employees, including the Directors, during the year was as follows:

	Group 2022 No.	Group 2021 No.	Company 2022 No.	Company 2021 No.
Office and management	69	66	16	15

9. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	1,188	-
Interest payable on related party loans (note 21)	-	27,677
	1,188	27,677

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

10. Tax on profit

	2022 £	2021 £
Corporation tax		
Current tax on profits for the year	617,055	1,373,021
Adjustments in respect of previous periods	-	61,773
Total current tax	<u>617,055</u>	<u>1,434,794</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit before taxation	<u>5,022,482</u>	<u>11,954,913</u>
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	954,272	2,271,433
Effects of:		
Deferred bonuses deductible for tax purposes	1,469	61,995
Capital allowances for year in excess of depreciation	235	(1,611)
Foreign tax	37,440	66,877
Tax on consolidation	210,094	(8,360)
Tax losses utilised	(514,775)	(950,000)
Tax losses utilised for Group Relief	(71,680)	(67,313)
Adjustments in respect of previous periods	-	61,773
Total tax charge for the year	<u>617,055</u>	<u>1,434,794</u>

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

10. Tax on profit (continued)

Factors that may affect future tax charges

Due to the trading losses carried forward there is a potential deferred tax asset of £527,276 (2021: £1,562,523). This has not been recognised on the basis that there is uncertainty regarding the availability of future trading taxable profits to offset against those losses.

The standard rate of corporation tax in the UK has been 19% since 1 April 2017. Accordingly, the Group's profits for year are taxed at an effective rate of 19% (2021: 19%). Potential deferred tax has been calculated at a rate of 25% (2021: 19%) because of uncertainty as to the average rate of tax that will apply when the underlying timing differences reverse.

11. Tangible assets

Group

	Leasehold improvements £	Computer equipment £	Office equipment £	Fixtures and fittings £	Total £
Cost					
At 1 January 2022	109,675	164,563	146,543	437,131	857,912
Exchange adjustments	5,969	17,751	7,886	26,863	58,469
At 31 December 2022	115,644	182,314	154,429	463,994	916,381
Accumulated depreciation					
At 1 January 2022	109,675	158,824	117,891	269,690	656,080
Charge for the year	-	6,522	5,474	41,631	53,627
Exchange adjustments	5,969	(5,315)	6,529	26,532	33,715
At 31 December 2022	115,644	160,031	129,894	337,853	743,422
Net book value					
At 31 December 2022	-	22,283	24,535	126,141	172,959
At 31 December 2021	-	5,739	28,652	167,441	201,832

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

11. Tangible assets (continued)

Company

	Computer equipment £	Office equipment £	Fixtures and fittings £	Total £
Cost				
At 1 January 2022	19,534	1,601	7,262	28,397
At 31 December 2022	19,534	1,601	7,262	28,397
Accumulated depreciation				
At 1 January 2022	12,782	1,601	7,192	21,575
Charge for the year	2,532	-	70	2,602
At 31 December 2022	15,314	1,601	7,262	24,177
Net book value				
At 31 December 2022	4,220	-	-	4,220
At 31 December 2021	6,752	-	70	6,822

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

12. Investments

Company

	Investments in subsidiary companies £
Cost	
At 1 January 2022	25,724
At 31 December 2022	<u>25,724</u>

Subsidiary undertakings

The results or financial performance of the following subsidiary undertakings principally affect the figures shown in the consolidated financial statements:

Name	Registered office	Principal activity	Class of shares	Holding
Thames Collections Limited	C/O Cerberus European Servicing Ltd, 5 Savile Row, London, UK, W1S 3PB	Collection and payment of agency services to portfolio companies	Ordinary	100%
Cerberus European Servicing Advisors (Ireland) Limited	18-20 Upper Merrion Street, Dublin 2, Ireland	Advisory services to the Company	Ordinary	100%
Cerberus European Servicing Advisors (Deutschland) GmbH	Eurotheum, 20th Floor, Neue Mainzer Str. 66-68, 60311 Frankfurt, Germany	Advisory services to the Company	Ordinary	100%
Cerberus European Servicing Advisors (Netherlands) B.V.	Gustav Mahlerplein 93 (22nd Floor), 1082 MS Amsterdam, The Netherlands	Advisory services to the Company	Ordinary	100%
Cerberus European Servicing Advisors Iberia, S.L.U.	Calle de Serrano 47, 28001 Madrid, Spain	Advisory services to the Company	Ordinary	100%
Cerbeuroserv Advisors (Portugal), Unipessoal, LDA	Avenida do Brasil nº 43 – 3º Dto 1700-062 Lisboa, Portugal	Advisory services to the Company	Ordinary	100%

The Directors consider the value of the investments to be supported by the underlying assets.

Cerberus European Servicing Ltd has assumed liability for Thames Collections Limited (company registration number 08618131) whose results are consolidated into these financial statements, under Section 479A of the Companies Act 2006.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

13. Debtors

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due after more than one year				
Other debtors	187,025	177,372	-	-
	<u>187,025</u>	<u>177,372</u>	<u>-</u>	<u>-</u>
	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Amounts falling due within one year				
Trade debtors	3,429,700	3,382,492	3,019,837	2,962,492
Amounts owed by group undertakings (note 21)	16,298,062	13,910,698	16,266,570	13,746,530
Other debtors	141,955	56,331	4,789	1,828
Corporation tax	881,245	-	830,707	-
VAT recoverable	4,190,244	1,763,323	4,151,614	1,750,787
Prepayments and accrued income	133,213	30,982	74,789	33,897
	<u>25,074,419</u>	<u>19,143,826</u>	<u>24,348,306</u>	<u>18,495,534</u>

Amounts owed by group undertakings are unsecured and repayable on demand. For details on interest bearing group undertakings, please see note 21.

14. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Cash at bank and in hand	11,407,846	17,809,854	6,923,375	14,017,886
	<u>11,407,846</u>	<u>17,809,854</u>	<u>6,923,375</u>	<u>14,017,886</u>

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

15. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Trade creditors	244,353	776,543	32,330	99
Amounts owed to group undertakings (note 21)	959,688	1,690,807	20,868,119	25,713,880
Corporation tax	150,276	775,296	-	157,960
Other taxation and social security	371,855	366,460	98,098	74,946
Other creditors	962,511	5,752,175	4,477	3,283
Accruals and deferred income	16,658,683	13,125,043	5,687,362	4,637,562
	<u>19,347,366</u>	<u>22,486,324</u>	<u>26,690,386</u>	<u>30,587,730</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. £140,154 (2021 - £760,722) of trade creditors is secured by the equivalent amount held in cash accounts over which the Group has charged its rights in favour of third parties.

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

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Accruals and deferred income	2,627,933	4,519,378	854,872	1,836,585
	<u>2,627,933</u>	<u>4,519,378</u>	<u>854,872</u>	<u>1,836,585</u>

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

17. Financial instruments

	Group 2022 £	Group 2021 £	Company 2022 £	Company 2021 £
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial instruments that are debt instruments measured at amortised cost				
Trade debtors (note 13)	3,429,700	3,382,492	3,019,837	2,962,492
Accrued income	-	-	-	-
Amounts owed by Cerberus group undertakings (note 13)	16,298,062	13,910,698	16,266,570	13,746,530
Other debtors (note 13)	141,955	56,331	4,789	1,828
	<u>19,869,717</u>	<u>17,349,521</u>	<u>19,291,196</u>	<u>16,710,850</u>
Financial liabilities measured at amortised cost				
Amounts owed to Cerberus group undertakings (note 15)	959,688	1,690,807	20,868,119	25,713,880
Trade creditors (note 15)	244,353	776,543	32,330	99
Other creditors (note 15)	962,511	5,752,175	4,477	3,283
	<u>2,166,552</u>	<u>8,219,525</u>	<u>20,904,926</u>	<u>25,717,262</u>
Financial liabilities at fair value through profit and loss	-	-	-	-

18. Called up share capital

Group and Company

	2022 £	2021 £
Allotted, called up and fully paid		
1 (2021 - 1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

19. Reserves

Profit and loss account

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

20. Commitments under operating leases

At 31 December 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £
Not later than one year	622,064	616,917
Between one and two years	601,592	622,082
Between two and five years	637,747	1,244,261
After five years	22,993	22,128
	<u>1,884,396</u>	<u>2,505,388</u>

21. Related party transactions

Transactions with related party undertakings

During the year the Group earned advisory, monitoring and reporting fees ("fees") of £28,223,849 (2021 - £30,709,122) from Cerberus European Investments, LLC ("CEI LLC"), a company incorporated in Delaware, the United States, which has the same ultimate controlling party as the Group. At 31 December 2022 CEI LLC owed the Group £10,881,327 (2021 - £8,612,190) in respect of fees, after the Group determined to write off bad debts of £Nil (2021 - £Nil) related to investments held by Group affiliates.

During the year the Group received administration and datacentre services of £1,324,502 (2021 - £704,776), and £736,081 (2021 - £445,104) of premises cost recharges from Cerberus UK Management Limited ("CUKM"), a company incorporated in the United Kingdom which has the same ultimate controlling party as the group. As at 31 December 2022, the Group owed CUKM £952,861 (2021 - £782,038) in short term funding.

Cerberus Capital Management, L.P. ("CCM LP") is the parent undertaking of the Group (note 22). During the year CCM LP recharged legal fees totalling £364,064 (2021 - £97,772) to the Group. These legal services were provided by Shulte, Roth & Zabel LLP, a law firm established in New York, US, of which A Waldenberg is a partner. As at 31 December 2022 the Group owed CCM LP £185 (2021 - £Nil) in respect of short term funding.

Cerberus Operations and Advisory Company UK Limited ("COAC UK") is a company incorporated in the United Kingdom which has the same ultimate controlling party as the Group. As at 31 December 2022 COAC UK owed the Group £159 (2021 - £520) in respect of short term funding.

Cerberus European Capital Advisors LLP ("CECA LLP") is a partnership incorporated in the United Kingdom which has the same ultimate controlling party as the Group. As at 31 December 2022 the Group owed CECA LLP £5,501 (2021 the Group owed CECA LLP - £6,109) in respect of short term funding.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

21. Related party transactions (continued)

Cerberus Asia Servicing Ltd ("CASL") is a company incorporated in Hong Kong which has the same ultimate controlling party as the Group. The Group provided a loan of £870,990.93 (2021 - £676,190) to CASL which is net of the provision for uncollectable receivables of £679,190.25 of which all was recognised in the current year. At the beginning of the year this loan was converted from interest free short term funding to an interest bearing loan. The loan bore Interest at a rate per annum between 1.30% and 2.90% (2021 - 0%). The Group charged CASL £18,026 in respect of interest on the loan. As at 31 December 2022 CASL owed the Group £889,394 (2021 - £676,195).

Cerberus Iberia Advisors S.L ("CIA") is a company incorporated in Spain which has the same ultimate controlling party as the Group. As at 31 December 2022 the Group owed CIA £425 (2021 - £495) in respect of short term funding.

Promontoria Servicing Ireland Limited ("PSIL") is a company incorporated in the Republic of Ireland which has the same ultimate controlling party as the Group. As at 31 December 2022 PSIL owed the Group £42,295 (2021 - £228,291) in respect of short term funding. The group also charged PSIL £428,161 (2021 - £Nil) in respect of advisory fees.

Bercherus, Serviços De Investimento, Unipessoal Lda ("BSIPT") is a company incorporated in Portugal which has the same ultimate controlling party as the Group. As at 31 December 2022 BSIPT owed the Group £Nil (2021 - £Nil) in respect of short term funding.

Cerberus Global Asset Management & Servicing Ltd ("CGAMS") is a company incorporated in the Cayman Islands which has the same ultimate controlling party as the Group. As at 31 December 2022 CGAMS owed the Group £3,891 (2021 - £3,891) in respect of short term funding.

Cerberus Global Servicing Managing Office Limited ("CGSMOL") is a company incorporated in Dubai which has the same ultimate controlling party as the Group. The Group have provided a loan of £9,315,645 (2021 - £4,347,337) to CGSMOL which is net of the provision for uncollectable receivables of £4,347,337.05 of which all was recognised in the current year. At the beginning of the year this loan was converted from interest free short term funding to an interest bearing loan. The loan bore Interest at a rate per annum between 1.30% and 2.90% (2021: 0%). The Group charged CGSMOL £186,675 (2021 - Nil) in respect of interest on the loan. As at 31 December 2022 CGSMOL owed the Group £9,502,320 (2021 - £3,520,847).

Cerberus Asia Pacific Advisors II Ltd. ("CAPA") is a company incorporated in Hong Kong which has the same ultimate controlling party as the Group. As at 31 December 2022 CAPA owed the Group £54 (2021 - £54) in respect of short term funding.

Cerberus Operations and Advisory Company Deutschland GmbH ("COAC DE") is a company incorporated in Germany which has the same ultimate controlling party as the Group. As at 31 December 2022 COAC DE owed the Group £331 (2021 - £Nil) in respect of short term funding.

Cerberus Deutschland Beteiligungsberatung GmbH ("Cerberus DE") is a company incorporated in Germany which has the same ultimate controlling party as the Group. As at 31 December 2022 the Group owed Cerberus DE £27,544 (2021 - £Nil).

Cerberus Technology Solutions UK Limited ("CTS UK") is a company in the United Kingdom which has the same ultimate controlling party as the Group. As at 31 December 2022 CTS UK owed the Group £898 (2021 - £Nil).

Cerberus Australia Advisors Pty Ltd ("CAA") is a company incorporated in Australia which has the same ultimate controlling party as the Group. As at 31 December 2022 CAA owed the Group £209 (2021 - £Nil).

Transactions with key management personnel

See note 7 for the disclosure of directors' remuneration and key management compensation.

Cerberus European Servicing Ltd

Notes to the Financial Statements for the Year Ended 31 December 2022

22. Controlling party

The ultimate controlling party of the Group is Mr Stephen Feinberg.

The Group's immediate parent undertaking is Cerberus Global Servicing Holdings, Ltd, an entity incorporated in the Cayman Islands, and the ultimate parent undertaking is Cerberus Capital Management, L.P., an entity incorporated in Delaware, US (note 21).

CCM LP is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2022. The consolidated financial statements of CCM LP are not publicly available.