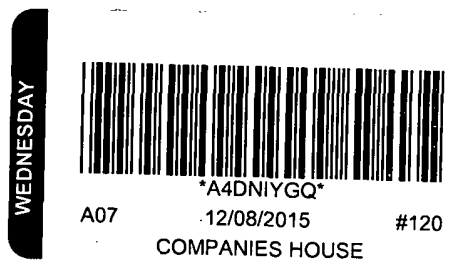


Company Registration No. SC303436

Macrocom (948) Limited

**Annual Report and Financial Statements
for the year ended 31 December 2014**



Macrocom (948) Limited

Contents for the year ended 31 December 2014

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Macrocom (948) Limited

Officers and professional advisers for the year ended 31 December 2014

Directors

C Ross-Roberts
K Stannard

Secretary

C Taggart

Registered office

272 Bath Street
Glasgow
Scotland
G2 4JR

Auditor

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

Macrocom (948) Limited

Strategic report for the year ended 31 December 2014

Overview

The Directors present their Strategic Report, Directors Report and the financial statements of Macrocom (948) Limited (the "Company") for the year ended 31 December 2014.

The principal activity of the Company is the funding of other companies within the Cabot Financial Limited group (the "Group").

The Directors believe that the Group is the largest acquirer and manager of defaulted consumer debt from financial services companies in the United Kingdom based on the value of debt portfolios on its balance sheet at 31 December 2014.

From inception in 1998 to 31 December 2014, the Group has invested £1.3 billion in the acquisition of 1,071 loan portfolios with an aggregate face value of £12.2 billion, comprising 4.7 million customer accounts and generating a 120-Month ERC at 31 December 2014 of £1.6 billion. Over 98% of these loan portfolios (as measured by purchase price) were acquired from financial institutions.

The core strategy of the operating model is to generate cash-flow by maximizing cash collections over the life of the debt portfolios acquired, whilst ensuring we are treating our customers fairly. Since it began pursuing this strategy, the estimated future gross cash collections from its existing loan portfolios, or 120-Month ERC, has grown from £422 million as at 31 October 2009 to £1.6 billion at 31 December 2014.

The mission of the Group is to help all customers in their financial recovery. The Group promises its customers empathy and respect, individual treatment, positive experiences and fair outcomes.

Future developments

Following the Group acquisition of Marlin, the Group continues to build on its newly formed complementary capabilities to strengthen their combined position in the market place. By leveraging each other's core strengths, the Group is expanding their ability to grow revenues across a broad range of debt types and create further operational efficiencies by applying industry expertise and sharing best practices.

Business review and results

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

| (£ in thousands, except for percentages) | | | |
|---|--------------|--------------|--------|
| | 2014 £000 | 2013 £000 | Change |
| Profit on ordinary activities before taxation | 1,535 | 91 | +1586% |
| Net current assets | 3,613 | 2,408 | +50% |
| Shareholders' funds | 3,613 | 2,408 | +50% |

Macrocom (948) Limited

Strategic report (continued) for the year ended 31 December 2014

Principal risks and uncertainties

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

- Cash flow and credit risk
- Price risk
- Going concern and liquidity risk

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

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

Cash flow and credit risk

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

The purchase and collection of defaulted consumer receivables carries a substantial amount of cash risk due to the underlying volatility in the collection characteristics of these assets. To mitigate these risks the Group has developed, and continues to refine detailed management reporting on individual portfolio performance and re-forecasts future collections on each portfolio on a monthly basis.

Due to the long-term nature of the collection strategies employed, the Company will continue to be exposed to possible changes in legislation and economic trends. To mitigate these risks, senior employees of the Group play an active role in trade and industry bodies to ensure that any changes in the legislative collections environment are monitored and assessed as soon as practically possible. To mitigate economic risk the Company does not generally enter into long-term fixed-price purchasing arrangements with duration of more than one year.

Price risk

The market within which the Company operates is highly competitive with a large number of buyers tendering for portfolios that come to market which requires cost-effective collection operations performed by the Company in respect of the portfolios owned by Group companies. The Company assesses the collection costs of each portfolio it services on behalf of related parties and agrees service fees accordingly. The Directors consider that substantial ongoing investment in this area will be key to the future success of the business.

Going concern and liquidity risk

The Company's core business is the funding and management of other companies within the Cabot Financial Limited. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Group.

The financial position of the Company and liquidity position are described in the financial statements on pages 9 to 16. The Company made a profit for the year before taxation of £1.5 million (2013: £0.01 million) and had net current assets at 31 December 2014 of £3.6 million (2013: £2.4 million), and had net shareholders' funds at 31 December 2014 of £3.6 million (2013: £2.4 million).

Macrocom (948) Limited

Strategic report (continued) for the year ended 31 December 2014

Principal risks and uncertainties (continued)

Going concern and liquidity risk (continued)

The Group has long-term debt financing at 31 December 2014 comprising of Senior Secured Loan Notes due 2019 of £265.0 million issued on 20 September 2012, Senior Secured Loan Notes due 2020 of £100.0 million issued on 2 August 2013, Senior Secured Loan Notes due 2021 of £175.0 million issued on 27 March 2014 and Senior Secured Loan Notes due 2020 of £150.0 million issued which were acquired during the course of the Marlin acquisition (£265.0 million and £100.0 million at 31 December 2013).

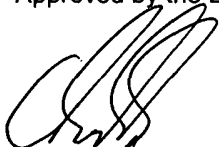
The Group meets its day to day working capital requirements, including the purchase of portfolios, through its own cash resources supplemented by a revolving credit facility and bank loans. The Group had a senior committed revolving credit facility of £85.0 million which matures in September 2017 (£85.0 million at 31 December 2013). The size of the revolving credit facility available to the Group was increased to £195.0 million post year end.

The assets of the Group have been pledged as security for the Senior Secured Loan Notes due 2019, 2020 and 2021 and the senior secured credit facility.

The Group has remained compliant during the year to 31 December 2014 with all the covenants contained in the notes issued and senior credit facility. The Group's latest forecasts and cash flow projections have been reviewed and do not indicate any significant uncertainty over the Group's ability to operate within the requirements of the financing arrangements in place and therefore to continue as a going concern.

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

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



C Ross-Roberts
Director

23 July 2015

Macrocom (948) Limited

Directors' report for the year ended 31 December 2014

The Directors present their report and audited financial statements of Macrocom (948) Limited ("the Company") for the year ended 31 December 2014.

Results and dividends

The audited financial statements and related notes for the year ended 31 December 2014 are set out on pages 9 to 16. The company did not trade during the current year with results occurring purely from interest payable and receivable arising on amounts due to and from fellow group companies during the year.

The Directors do not recommend the payment of a dividend (2013: £nil).

Directors

The Directors who held office during the period, except as noted, were as follows:

C Ross-Roberts
K Stannard (appointed 13 February 2014)
N Clyne (resigned 13 February 2014)
S Mound (resigned 13 May 2014)

Financial Instruments

The Group's financial instruments primarily comprise bonds, unsecured loan notes and bank facilities. The principal purpose of these is to raise funds for the Group's operations. In addition various other financial instruments such as trade creditors and trade debtors arise directly from its operations.

The key financial risks and uncertainties affecting the Group and managements objectives and policies taken to mitigate these risks are set out within the Strategic report on pages 2 to 4.

Qualifying third party indemnity provisions

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

Political donations

The Company made no political donations during the year (2013: £nil).

Auditor

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

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

BDO LLP have indicated their willingness to continue in office. A resolution to reappoint BDO LLP as auditors for the ensuing year will be proposed at the next board meeting in accordance with section 485 of the Companies Act 2006

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



C Ross-Roberts
Director
23 July 2015

Macrocom (948) Limited

Statement of Directors' responsibilities for the year ended 31 December 2014

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Macrocom (948) Limited

Independent auditor's report to the members of Macrocom (948) Limited

We have audited the financial statements of Macrocom (948) Limited for the year ended 31 December 2014 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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.

Macrocom (948) Limited

Independent auditor's report to the members of Macrocom (948) Limited (continued)

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



**Daniel Taylor (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor**

London

23 July

2015

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

Macrocom (948) Limited

Profit and loss account for the year ended 31 December 2014

| | Notes | 2014 £000 | 2013 £000 |
|--|-------|--------------|--------------|
| Administration expenses | | (2) | - |
| Operating loss | | <u>(2)</u> | <u>-</u> |
| Interest receivable and similar income | 4 | 1,538 | 1,455 |
| Interest payable and similar charges | 5 | (1) | (1,364) |
| Profit on ordinary activities before taxation | 2 | <u>1,535</u> | <u>91</u> |
| Tax on profit on ordinary activities | 3 | (330) | (21) |
| Profit for the year | 9 | <u>1,205</u> | <u>70</u> |

The notes on pages 11 to 16 form part of these financial statements.

All the above arose from continuing operations. There are no other gains or losses other than the profit recognised in the profit and loss account for the current or preceding year and accordingly no statement of total recognised gains and losses is given.

Macrocom (948) Limited

Balance sheet for the year ended 31 December 2014

| | Notes | 31 December 2014 £000 | 31 December 2013 £000 |
|--|-------|-----------------------------|-----------------------------|
| Current assets | | | |
| Debtors | 6 | 34,843 | 33,500 |
| Current liabilities | | | |
| Creditors: Amounts falling due within one year | 7 | (31,230) | (31,092) |
| Net current assets | | <u>3,613</u> | <u>2,408</u> |
| Net assets | | <u>3,613</u> | <u>2,408</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 50 | 50 |
| Profit and loss account | 9 | 3,563 | 2,358 |
| Shareholders' funds | 10 | <u>3,613</u> | <u>2,408</u> |

The notes on pages 11 to 16 form part of the financial statements.

These financial statements were approved by the board of directors on 23 July 2015 and were signed on its behalf by:



C Ross-Roberts
Director

23 July

2015

Macrocom (948) Limited

Notes to the financial statements for the year ended 31 December 2014

1. Accounting policies

The particular accounting policies adopted are summarised below. These have been applied consistently throughout the current and preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with the Companies Act 2006 and applicable United Kingdom Generally Accepted Accounting Practice.

Interest

Interest receivable and payable are recognised using the effective interest rate method.

Taxation

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

Going concern

The Company's core business is the funding and management of other companies within the Cabot Financial Limited group. The Company's financial position is therefore partly dependent on the financial condition of the rest of the Group.

The financial position of the Company and liquidity position are described in the financial statements on pages 9 to 16. The Company made a profit for the year before taxation of £1.5 million (2013: £0.01 million) and had net current assets at 31 December 2014 of £3.6 million (2013: £2.4 million), and had net shareholders' funds at 31 December 2014 of £3.6 million (2013: £2.4 million).

The Group has long-term debt financing at 31 December 2014 comprising of Senior Secured Loan Notes due 2019 of £265.0 million issued on 20 September 2012, Senior Secured Loan Notes due 2020 of £100.0 million issued on 2 August 2013, Senior Secured Loan Notes due 2021 of £175.0 million issued on 27 March 2014 and Senior Secured Loan Notes due 2020 of £150.0 million issued which were acquired during the course of the Marlin acquisition (£265.0 million and £100.0 million at 31 December 2013).

The Group meets its day to day working capital requirements, including the purchase of portfolios, through its own cash resources supplemented by a revolving credit facility and bank loans. The Group had a senior committed revolving credit facility of £85.0 million which matures in September 2017 (£85.0 million at 31 December 2013). The size of the revolving credit facility available to the Group was increased to £195.0 million post year end.

The assets of the Group have been pledged as security for the Senior Secured Loan Notes due 2019, 2020 and 2021 and the senior secured credit facility.

The Group has remained compliant during the year to 31 December 2014 with all the covenants contained in the notes issued and senior credit facility. The Group's latest forecasts and cash flow projections have been reviewed and do not indicate any significant uncertainty over the Group's ability to operate within the requirements of the financing arrangements in place and therefore to continue as a going concern.

Macrocom (948) Limited

Notes to the financial statements (continued) for the year ended 31 December 2014

1. Accounting policies (continued)

Going concern (continued)

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

Cash flow statement

Under the provisions of FRS 1 (Revised) "Cash Flow Statements", the Company has not provided a cash flow statement as it is a wholly-owned subsidiary of Cabot Financial Limited which prepares such a statement.

2. Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging/(crediting):

| | 2014 £000 | 2013 £000 |
|-----------------------|--------------|--------------|
| Auditors remuneration | <u>1</u> | <u>-</u> |

The analysis of auditor remuneration is as set out below. All amounts stated include attributable VAT. In 2013, auditors' remuneration with respect to the Company's audit fees for the year was borne by the Cabot Credit Management Limited, the ultimate largest company within the Group for which consolidated financial statements were prepared.

| | 2014 £000 | 2013 £000 |
|--|--------------|--------------|
| Fees payable to the Company's auditors: | | |
| for the audit of the Company's financial statements | <u>1</u> | <u>-</u> |
| Total fees and expenses paid to the auditor (inc VAT) | <u>1</u> | <u>-</u> |

Macrocom (948) Limited

Notes to the financial statements (continued) for the year ended 31 December 2014

3. Tax on profit on ordinary activities

The tax charge for the year comprises:

| | 2014 | 2013 |
|--------------------------|------------|-----------|
| | £000 | £000 |
| Current tax | | |
| Corporation tax | 330 | 21 |
| Total current tax | <u>330</u> | <u>21</u> |

The differences between the current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows

| | 2013 | 2013 |
|---|--------------|-----------|
| | £000 | £000 |
| Profit on ordinary activities before taxation | <u>1,534</u> | <u>91</u> |
| Tax on profit on ordinary activities at standard UK corporation tax at 21.5% (2013: 23.25%) | 330 | 21 |
| Current tax charge for the period | <u>330</u> | <u>21</u> |

4. Interest receivable and similar income

| | 2014 | 2013 |
|--|--------------|--------------|
| | £000 | £000 |
| Interest receivable from parent undertakings and fellow subsidiaries | <u>1,538</u> | <u>1,455</u> |

Interest receivable from parent undertakings and fellow subsidiaries is accrued but not paid at a rate of LIBOR plus 4% on trading balances.

Macrocom (948) Limited

Notes to the financial statements (continued) for the year ended 31 December 2014

5. Interest payable and similar charges

| | 2014 £000 | 2013 £000 |
|---|--------------|--------------|
| Interest payable to parent undertakings and fellow subsidiaries | 1 | 1,364 |

Interest payable to parent undertakings and fellow subsidiaries is accrued but not paid at a rate of LIBOR plus 4% on trading balances.

6. Debtors

| | 31 December 2014 £000 | 31 December 2013 £000 |
|---|-----------------------------|-----------------------------|
| Corporation tax | - | 2 |
| Amounts owed by parent undertakings and fellow subsidiaries | 34,843 | 33,498 |
| | <u>34,843</u> | <u>33,500</u> |

The Directors consider that the carrying amounts approximate to their face value as balances are readily converted to cash.

7. Creditors: Amounts falling due within one year

| | 31 December 2014 £000 | 31 December 2013 £000 |
|---|-----------------------------|-----------------------------|
| Amounts owed to parent undertakings and fellow subsidiaries | 31,230 | 31,092 |

The Directors consider that the carrying amounts approximate to their face value on the basis that the balances are short term in nature.

Macrocom (948) Limited

Notes to the financial statements (continued) for the year ended 31 December 2014

8. Called up share capital

| | 31 December 2014 £000 | 31 December 2013 £000 |
|--|-----------------------------|-----------------------------|
| Authorised: | | |
| 75,000 ordinary shares of £1 each | <u>75</u> | <u>75</u> |
| Allotted, called up and fully paid: | | |
| 50,000 ordinary shares of £1 each | <u>50</u> | <u>50</u> |

9. Profit and loss account

| | 31 December 2014 £000 | 31 December 2013 £000 |
|-------------------------------|-----------------------------|-----------------------------|
| At beginning of year | 2,358 | 2,288 |
| Profit for the financial year | <u>1,205</u> | <u>70</u> |
| At end of year | <u>3,563</u> | <u>2,358</u> |

10. Reconciliation of movement in shareholders' funds

| | 31 December 2014 £000 | 31 December 2013 £000 |
|--------------------------------------|-----------------------------|-----------------------------|
| Profit for the year | <u>1,205</u> | <u>70</u> |
| Net additions to shareholders' funds | <u>1,205</u> | <u>70</u> |
| Opening shareholders' funds | 2,408 | 2,338 |
| Closing shareholders' funds | <u>3,613</u> | <u>2,408</u> |

11. Contingent liabilities

The Group is party to guarantees in relation to the senior committed revolving credit facility drawn by a fellow group company, and the Senior Secured Notes due 2019 2020 and 2021. Amounts outstanding on such borrowings were £745.3 million at 31 December 2014 (31 December 2013: £365.0 million). The expectation is that any liability under these guarantees will not be crystallised in the foreseeable future.

Macrocom (948) Limited

Notes to the financial statements (continued) for the year ended 31 December 2014

12. Related party transactions

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8 not to disclose transactions with group companies wherein any subsidiary undertaking which is a party to the transactions is wholly owned by a member of that group.

During the twelve months to 31 December 2014 there were intercompany interest charges with companies outside of the Cabot Financial Limited Group but under common control that resulted in an interest expense of £401 (2013: £nil). These amounts were unpaid as at the year end and are included within amounts due to parent undertakings and fellow subsidiaries of £0.1 million (2013: £nil).

AnaCap Calcium L.P. was the former ultimate controlling party of the Group up until 15 May 2013. Prior to this date, a fee for monitoring services provided by AnaCap Calcium L.P. was charged to profit of ordinary activities before taxation. For the year to 31 December 2013 this charge totalled £0.1 million.

In August 2012 an indirect subsidiary of AnaCap Credit Opportunities Fund II L.P. ("AOF") acquired a portfolio of non-performing consumer debt from a large UK financial services Group (the "AOF Portfolio"). AOF was a related party to the previous ultimate parent undertaking of the Company, AnaCap Calcium L.P. Concurrently with the purchase of the AOF Portfolio, the Company acquired two portfolios of semi-performing consumer debt from the same large UK financial services Group, and also acted as master servicer for the AOF Portfolio for which it received fees determined on an arms' length basis. The fees received by the Group, prior to the change in control, in the year to 31 December 2013 were £0.2 million. The amounts outstanding in respect of these fees for the year ended 31 December 2013 was £nil.

During the twelve months to 31 December 2014, fees of £0.4 million (2013: £0.1 million) were recharged to Encore Capital Group Inc ("Encore"), the company's ultimate parent (note 13) for any fees incurred by the Cabot Financial Limited Group which solely relate to US GAAP and Sarbanes Oxley compliance. Amounts outstanding as at 31 December 2014 were £0.4 million (2013: £0.1 million).

13. Ultimate parent company

The Company's immediate parent company is Cabot Financial Debt Recovery Services Limited, a company incorporated in England and Wales. The smallest group of which the Company is a member and for which Group financial statements are drawn up is Cabot Financial Limited. The Company's ultimate parent company and controlling party is Encore Capital Group Inc ("Encore"), a company incorporated in Delaware, United States, whose consolidated financial statements are available on their website.